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NEWS SUMMARY

BUSINESS

Ford warning on import demands

● RECORD NUMBER of U.S. industrialists' complaints against unfairly priced imports is threatening the international trading system, says Ambassador William Dent, President Ford's special trade representative. He hopes the complaints can be dealt with in the current round of GATT talks and suggests that a final ruling on small motor car imports will be delayed more than a year. Back Page

● VICE PRESIDENT Nelson Rockefeller wants swift Federal action to help solve New York City's financial problems. But it is not known whether his views reflect a changed attitude in the White House. Page 4

● MOSCOW refuses to allow the U.S. to buy oil at a price significantly lower than OPEC's, according to the New York Times. The U.S. administration hopes to link grain sales with a long-term oil agreement. Page 4

● CHINA'S 1975 autumn trade fair opens in Canton on Wednesday. More than 60,000 export items will be on show.

Bid to devalue 'green pound'

● MR. FRED PEART is expected to ask for a further devaluation in the "green pound" to-day in the EEC Council of Ministers meeting on agriculture to increase British dairy producers' returns. Back Page

● GROUNDWORK for oil producers' and consumers' talks, probably in December, will be laid at a preparatory meeting starting in Paris to-day despite Britain's insistence on individual representation. Back Page

● CLARKS makes its first move into the EEC by buying an 80 per cent. stake in French shoe retail chain France Arno. Page 7

● SPENDING on pharmaceuticals is expected to reach £538.7m. in the U.K. this year, making the market the seventh largest in the world. Worldwide sales should reach £19.6bn. Page 7

Jobs survey for steel areas

● BSC has commissioned business consultants to examine prospects for attracting new industries in areas where steel production will stop. McKinsey and Company will investigate the potential of Cambuslang and Motherwell in Lanarkshire, while Peter Ward Associates (Interplan) will carry out work in Cardiff, Ebbw Vale, Shotton and Hartlepool. Back Page

● ELECTRICITY COUNCIL is expected to tell unions this week that because of a fall in demand several power stations will be closed in the next few years with the loss of thousands of jobs. Page 8

● PORT OF HOUSTON officials from Texas are studying the computer-controlled cargo monitoring system installed at the Mersey Docks and Harbour Company, with a view to purchase. Page 7

● CURRYS plans to resume selling bicycles. Unit sales of domestic appliances are down 30 per cent. and figures are only just ahead of last year in cash terms. Page 7

● RELIANT, the Tamworth car manufacturer of the Robin and Scimitar, to-day launches the four-wheel Kitten. Page 5

Money supply warning

● STOCKBROKERS Phillips and Drew argue that a £2.8bn. public spending cut is required to avoid a sharp money supply increase which will threaten the Government's inflation policies. Page 5

● BRITAIN'S foreign trade figures are released this week. They follow August's poor results, when a sharp drop in exports contributed to the highest deficit so far this year. Page 5

● GMWU general secretary says unions will press hard for a real start to industrial planning at November's meeting at Chequers of the NEDC. Page 8

● DAILY TELEGRAPH is not appearing to-day because of industrial action by members of the National Graphical Association working in the foundry.

● POST OFFICE is standing by its decision to charge the full postal rate for Christmas despite growing pressure for a 5p card rate. Page 5

Ministers prepare for battle to beat deadline on Bills

BY JOHN BOURNE, LOBBY EDITOR

The Government to-day begins facing one of its most difficult Parliamentary periods for a long time, trying to get through both the Commons and particularly the Lords a number of highly controversial Bills before the 1974-75 session ends sometime next month.

Anticipating trouble, the Cabinet's legislation committee has already laid *contingency* plans for the autumn "spill-over" period of this session, which starts to-day with the reassembly of both Houses after the summer recess, to run if necessary for the extraordinarily long time of one month.

A leading Government Whip explained the dilemma last night: "We won't be able to estimate how long the spill-over is likely to last—for some days at least.

"By *then, we should know* through the Conservatives' attitude in the Commons towards the Community Land Bill and towards Lord Goodman's amendments on the Press freedom aspects of the Trade Union and Labour Relations Bill, whether the Tory Peers may fight the decisions of the Commons on these two sensitive Bills."

For example, if the Commons rejects Lord Goodman's amendments in its debate on them on Wednesday, and instead accepts Mr. Michael Foot's expected alternative—a voluntary code of practice agreed between the newspapers and the National Union of Journalists—will the Lords insist on reinstating the Goodman amendments?

In that event, nerve-wracking skirmishing, with the danger of a constitutional confrontation, could develop, with both Houses *shuttling the Bill backwards* and forwards between each other. *This would consume valuable* Parliamentary time.

A month's spill-over is regarded by the Government as *the maximum* for these Bills and other important ones to be passed—*including* the Employment Protection and the Petroleum and Submarine Pipelines legislation.

This is because any extension of time would delay the beginning *of the next Parliamentary* session, for which the Government is already planning a heavy programme of new legislation.

Solution

On the Trade *Union and* Labour Relations Bill Mr. Foot, Employment Secretary, will propose that the Commons should reject the Goodman amendments which essentially give legislative safeguards for the rights of editors and their deputies in a closed shop imposed by the NUJ.

The Minister will then propose that the so-far unsuccessful solution devised by Lord Houghton, *former* chairman of the Parliamentary Labour Party and now a Labour Peer, should be substituted.

The Houghton scheme, which is expected to be opposed—certainly by Conservative MPs and also probably by some Labour MPs—provides for the *newspaper industry* and the *NUJ* to negotiate a voluntary code of *practice*.

If they fail to do this, Mr. Foot *will make it clear that* he as Secretary of State will draw up *his own code to be applied* to the industry.

His *hope* is that the *NUJ's* recent ballot, reversing the *union's previous rejection of the* Houghton scheme, will persuade *the Commons to accept the* Government's proposals.

But, *if it does, some Tory peers* have made it clear they will try *to re-insert the original Goodman* proposals into the Bill when it returns to the Lords.

Conservatives in both Houses *believe that a voluntary code of* practice on the Houghton lines *might work under the present* leadership of the NUJ, but point out that this leadership could easily change in the future.

However, the first test of the Conservative Party's mettle—*strengthened by Mrs. Margaret* Thatcher's triumph at last week's party conference — will come to-day and to-morrow when the Commons debate Government and Opposition amendments to the Community Land Bill.

The Conservatives think there *could well be an all-night* session on these amendments to-

Continued on Back Page

Pensions to cost M & S extra £7m.

By David Bell and Stewart Fleming

MARKS AND SPENCER will *have to provide an extra £7m. or £8m.* to meet the increased costs of funding its non-contributory staff pension scheme in the current financial year. The increase in pension costs to the company follows a decision to allow part-time staff to join the pension fund, a move which has more than doubled the membership of the fund to *cover 35,000 employees*.

Mr. Michael Sacher, joint *managing director* of the company, firmly denied yesterday *reports that it would have to provide from interim profits a sum of £25m. for its pension fund to* compensate for the effects of inflation.

He described the reports, which suggested that the pension provision might reduce the company's interim pre-tax profits (due to be announced on Tuesday of next week) by £25m., as "a total misinterpretation." It seems likely that higher pension fund costs will reduce the company's pre-tax profit for the full year by between £7m. and £8m. In its last financial year, Marks and Spencer earned pre-tax profit of £82m.

The Marks and Spencer pension scheme was set up in 1936 and is currently backed by investments of "under £100m." *About 15 per cent. of the fund* is accounted for by its holding *of Marks and Spencer shares*. The scheme was made non-con-*tributory in 1966*.

Last year, all the company's *full-time staff, 16,000 employees*, were members of the scheme and *in his annual report* the chairman Sir Marcus Sieff, *announced a new scheme which* was to include the company's part-time staff.

Benefits

The scheme took effect from April 1, 1975 and Sir Marcus *warned shareholders in his annual statement that "the cost to the company will rise considerably each year."* He also drew *attention to improved benefits in* the scheme "to take account of any future changes in State pensions."

Mr. John Samuel, the Marks and Spencer finance director who is responsible for the pension fund, pointed out yesterday that, on top of the extension of the coverage of the scheme to part-time staff, new members are being given credit for past service "because we are that sort of company."

This, too, has added to the cost of providing pensions. The increased costs are, however, being spread over a number of years according to traditional *actuarial practice*.

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Healey urges EEC deal with Iran

BY ROBERT GRAHAM TEHRAN, Oct. 12.

MR. DENIS HEALEY, the Chancellor *of the Exchequer, to-night* called for an agreement between Iran and the EEC that fully reflected Iran's importance and status. This strong support for a special preferential agreement between Iran and the EEC came at the close of a five-day visit here by Mr. Healey during which he acted as joint chairman of a two-day financial conference attended by leading City of London representatives.

Mr. Healey's remarks on Iran's relations with the EEC can be *expected to be well received* here. This is the most forthright *statement* on the question by a British Minister and comes after *constant pressing by* the Iranians, in particular from Mr. Hushang Ansary, *the Iranian Finance* Minister, for such a position.

Support

There are signs of a link *between the second tranche of* the $1.2bn. loan extended by Iran to Britain in July and Britain's support for Iran's negotiations *with the EEC. Negotiations for* utilisation of the second tranche of $400m. will now begin shortly.

By all accounts, Mr. Healey's *visit here has been a success*, although it seems that no major *decisions on bilateral relations* were taken. It was more in the form of an ongoing visit. Defence matters, contrary to earlier reports, were not discussed. These will be taken up by Mr. Roy Mason, the Defence Secretary, when he comes here in November.

The conference (the British end of which was co-ordinated by the Committee for Invisible Exports) was the largest gathering ever of City of London notables in Tehran. Describing the conference as "most valuable." Mr. Ansary said that the problems of developing Tehran as a financial and money market had been identified. Principal among these was the question of improving communications. A *delegation will shortly be going* to London to discuss ways of improving Tehran's communications.

At the same time it has been agreed to establish as quickly as possible a follow-up mechanism to pave the way for a second conference to be held in London in about a year's time. The main area for immediate *follow-up, apart from* communications, is training facilities for Iranians in finance and banking in the City.

At the Iranian end, intensive study will be made also of ways to promote Iran's entry into the reinsurance market — probably an Iranian venture with large-scale expatriate expertise. On the commodities side mechanisms are expected to be set up whereby a regular system of reporting on essential commodities required by Iran is passed between London and Tehran.

Clearly the City has been offered the chance to achieve, through this conference, a privileged position in helping Iran to develop a capital market.

Germany and the U.K.

BRITAIN devotes too much *time, money and energy to the* class struggle, according to West German Chancellor Helmut Schmidt. His country's *"relatively good"* economic performance had more to do with co-ordination between Government policy, companies and trade unions than with the idea that managers or workers were better than the *British; he says in an interview* on Page 16 in to-day's *Financial Times survey on* West Germany.

Vanguard split may mean Ulster party switch

BY GILES MERRITT

A CRISIS meeting of the nine Ulster Loyalist Convention members who left the Vanguard Party on Saturday night, over Mr. William Craig's plan to continue pushing for a coalition Government pact with the mainly Catholic Social Democratic and Labour Party, is expected in Belfast to-day.

Their walk-out, after Mr. Craig received an overwhelming vote of confidence from 128 members of his party's rank-and-file, has split Vanguard in two, and left Mr. Craig with a rump of only four Convention members in place of Vanguard's previous 13 seats inside the United Ulster Unionist Coalition.

It now remains to be seen whether the breakaway faction, headed by erstwhile Vanguard deputy leader, Mr. Ernest Baird, will opt to join the Rev. Ian Paisley's Democratic Unionist Party. This has bitterly opposed Mr. Craig's proposal for a temporary pact between the Loyalist UUUC and the SDLP. Alternatively Mr. Baird's factions could link with the more moderate *Official Unionists* ranged behind the UUUC's nominal leader, Mr. Harry West.

The surprise decision by Mr. Baird and his hardline Convention colleagues in Vanguard to *disregard* the Party's *Central* Council's support for Mr. Craig—only 79 members out of a total of over 200 voted against him—seems to leave the Baird group seriously and irretrievably out of step with the party as a whole.

But the danger is that their defection could now be the signal for a round of confused realignments, with a number of the three-party UUUC's 42 convention members in the 78-seat Assembly switching their allegiance.

In the wake of his success at Saturday's meeting of the Vanguard Central Council, *Mr. Craig* yesterday hinted that a growing *number of moderates inside* the Official Unionist Party were now *prepared to come out openly in* favour of an emergency coalition. Five of the Official Unionists' 19 Convention members, he said, might well back him.

Loyalist politicians who, on the other hand, will be opposing any resumption of the inter-party talks on coalition Government with the SDLP, will naturally include Mr. Baird and his eight-strong group of adherents.

At present the odds seem to be on Mr. Baird deciding to join the Democratic Unionists, for he has been visibly lending *his* support to Mr. Paisley during the month-long *wrangle inside* the UUUC that was triggered in early September by the revelation that Mr. Craig was actively discussing coalition with the SDLP.

The Official Unionists, however, have also expressed interest in providing the Vanguard defectors with a political home and a senior party member, Mr. John Laird, yesterday stated that they "would be welcome."

Undeterred by his hardline colleagues' *dramatic resignation* from Vanguard, Mr. Craig has made it plain that he now intends to persist in his efforts *to reopen negotiations with the* SDLP. Although in the Convention his party has been damagingly reduced in size, the Vanguard vote on Saturday almost certainly put an end to Mr. Paisley's attempts to have Mr. Craig expelled from the UUUC.

If Mr. Craig's tactics in recent weeks are any guide, he will continue to add Vanguard's weight to the UUUC draft proposals for devolved Government when the Convention assembles again at Stormont in a week's time. Although the UUUC document rules out power-sharing, even along the *temporary lines he has proposed*, Mr. Craig is understood to intend *helping push it through* the Assembly as the basis of the Convention's *report to* Westminster.

Companies not put out by first tests on 'safer' cigarettes

BY RAY DAFTER

MEDICAL tests have shown that the "*safer*" cigarette, containing the new smoking material NSM, *irritates the major airways in the* lungs as much as conventional *cigarettes*.

Four doctors from the Edinburgh University Department of Medicine who have been looking into the short-term effects of NSM conclude that the so-called "safer" cigarette comes out of the tests as no better—but no worse—than ordinary cigarettes.

Imperial Tobacco and ICI, which have so far spent over £4.5m. on research, development and toxicity testing of the NSM, are not *out out* by the test findings, however. It is pointed out that the tests took no account of the possible long-term effects of cigarette smoking—bronchitis and lung cancer, for instance.

During the short-term tests, reported in the latest edition of The Lancet, cigarettes containing 30 per cent. NSM to 70 per cent. tobacco (the proportions likely to be marketed) were compared with cigarettes containing *all tobacco and all NSM*.

Studies indicated that smoking a cigarette of NSM alone had no irritant effect on bronchial passages. Cigarettes containing 30 per cent. NSM had a similar irritant effect as ordinary cigarettes, however. Consequently, the proportion of NSM needed *significantly to reduce* irritants lay somewhere between *30 per cent. and 100 per cent*.

The four doctors agreed with the report of the Hunter Committee, published in July, that a full assessment of such tobacco substitute would depend upon obervations of their prolonged use in heavy smokers.

Three companies are most involved in the production of synthetic tobacco — Imperial Tobacco (in association with ICI); Courtaulds which test marketed its own substitute in a cigarette called Planet; and *Celanese Corporation* in the U.S. which has developed a product called Cytrel.

Sandy McLachlan writes: The Hunter Committee was set up by the Government to lay down the guidelines for both testing and usage of synthetic materials in smoking products.

Hunter has already given approval to the research done by *Imperial Tobacco-ICI* on *NSM* and to Celanese Corporation on *Cytrel*, and it *is expected* that cigarette brands containing *either of these substances will be* on the market to the general *public before the end of next* year.

The basic line that Hunter has taken is that those producing substitutes should be able to *prove* that they are "*safer*" than tobacco in some respects and that in no respect can they be more potentially injurious. The Lancet report, which as the authors admit is based only on short-term tests, can be seen as giving NSM clearance in respect of irritation to bronchial passages

In other respects it has already *proved less harmful than tobacco*. It has a considerably lower tar *yield than natural tobacco*, and such tar as it does contain has a much lower carcinogenic content.

But while the Hunter Committee's first report has paved the way for the first steps along the road to "*safer*" smoking, the development of synthetic tobaccos can still be said to be in its infancy in spite of the large sums which have been spent on *these materials*.

The tobacco companies and the *chemists have concentrated on* producing a cellulose substance —which is the *main component* of natural tobacco—in a form *that is as inert as possible*. The companies would be the first to agree *that there are other areas* of potential research which must be examined.

The main problem here is that, in *many cases, the actual* technology is in its infancy.

FEATURES

ON OTHER PAGES

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LOMBARD

The referendum aftermath

BY C. GORDON TETHER

THE DISCLOSURE last week that the pro-Marketeers had more financial fire-power at their disposal in the EEC referendum than their opponents was, of course, no surprise. But the fact that the disproportion was shown to be far larger than had been supposed points to a crucial question that has not yet been answered—why was it ever allowed to happen?

Why was it considered appropriate to permit a decision of monumental importance for the future of the British people to be determined in significant degree by the ability of one side to secure immense financial backing from the business community—from a quarter that obviously saw itself as having a major vested interest in the outcome of this supposedly democratic exercise?

The official figures show that, thanks to the receipt of almost £1m. from industry and an extremely generous donation from the European Movement (which itself derives the bulk of its money from business interests), the pro-Marketeers had some ten times as much to spend on persuading the nation to vote "Yes" as the anti-Marketeers did to try to get it to do the opposite. And this, of course, is by no means the only sense in which the scales were heavily weighted against the anti-Marketeers.

No answer

According to surveys carried out by British Business for World Markets which have not been challenged, the pro-Market bias displayed by almost the whole of the British Press procured some two to three times as much publicity for pro-Market material of all kinds during the referendum campaign as was granted to that coming from the other side. What would this advantage have been worth in money terms translated at current advertising rates?

The same question can properly be asked about the time, trouble and money that many of the country's business concerns devoted to trying to sway the outcome of the voting by circularising their employees and customers with pro-Market propaganda.

In one way and another, in short, the resources put at the disposal of the pro-Marketeers by the business system played a significant part in the referendum battle. And it is no answer to the contention that interference in the democratic process—and such things would never be tolerated in a General Election—invalidated the result to say that it seems likely that the pro-Marketeers could have secured a victory without such help.

Bearing in mind that, up to the time the battle was joined in the referendum campaign, public opinion had consistently shown a preference for being outside the Community rather than within it, who can say what would have happened if one side had not been given an immense start over the other in an extremely crucial sense.

Moreover, when the stewards are asked to investigate an alleged breach of the rules by a winning jockey, they do not take the view that the offence can be condoned if it can be established that it did not alter the outcome of the race.

And this brings us to one reason why a weighting of the scales that made the referendum a travesty of the democratic process it was supposed to be should never have been permitted. For we have now been left with a situation wherein it will subsequently be possible for someone to make out a case for re-opening the Europeanisation issue on the grounds that the referendum result was invalid. Yet the whole purpose of that exercise was to dispose of the controversy for good and all.

The ring

So far, it is true, the general run of anti-Marketeers have been ready to accept the referendum result as an expression of the British people's wish to stay in Europe. But these are early days. As the cost of British participation in the "Vision" becomes more apparent, resistance may well increase. And it is only to be expected that this will produce a tendency to look round for reasons for re-opening the argument. The state of affairs revealed by the official report on the financing of the referendum battle is hardly likely to be passed over in such a situation.

This is one reason why it is a matter of deep regret that great care was not taken to ensure that the referendum ring was held in such unexceptionable fashion that no one would ever have had the slightest grounds for questioning the verdict. And there is another.

It is concerned with the importance of ensuring that the breakdown in law and order which is causing so much concern is not encouraged by the failure of those in public life to observe adequate moral standards.

It is generally recognised that one reason why so much difficulty is being experienced in the U.S. in curbing the onward march of corruption is that the public has seen it treated with such toleration in the highest places that it has grown to believe that it is no longer a matter for great concern. What conclusions are the British people likely to draw from the story of how the referendum battle was staged?

THE WEEK IN THE COURTS

The buyer who refused his cake and ate it

BY JUSTINIAN

WHENEVER DEFECTIVE goods are supplied by a seller under a contract for the sale of goods, the question immediately arises whether the buyer is entitled to reject the goods; or whether he is merely entitled to claim damages for the difference in value between the damaged goods and sound goods. It is a vexed topic, only partially answered by legislation, and therefore is constantly coming before the courts.

Section 11 (1) (b) of the Sale of Goods Act 1893 provides that, where a contract contains a stipulation about the goods bought and sold, the question whether that stipulation is a condition, the breach of which gives the buyer the right to reject the goods and treat the contract as repudiated, "depends in each case on the construction of the contract." The legislation helpfully adds that "a stipulation may be a condition, though called a warranty in the contract." But Parliament gives no hint of any intermediary position. The task set for the courts in determining buyers' rights is well exemplified by the latest case to come before the Court of Appeal.

No half way

In *Cehave N.V. v. Bremer Handelsgesellschaft m.b.H**, German sellers had sold to Dutch buyers 12,000 tons of U.S. citrus pulp pellets, c.i.f. Rotterdam, for use as animal food. The contracts incorporated the trade association term "shipment to be made in good condition." Therein lay the rub. The commercial court judge, Mr. Justice Mocatta, said that a stipulation must either be a "condition" or a "warranty" and that there could be no half-way house; he held that the term was a "condition." Thus when part of the goods unloaded at Rotterdam were found to be damaged, the buyers were held to be justified in exercising their right to reject the whole cargo.

While the ownership of the goods, having been offloaded into lighters, was being hotly disputed by the sellers and buyers, another importer of feeding products had entered the scene. The lighterowners had approached the courts in Rotterdam, which authorised the sale of the cargo by agents who in turn sold the goods to the other importer for a third of the contract price. On the same day, the importer sold the whole cargo to the buyers (that is, the original buyers) at the same price and upon the same terms as he had himself bought them from the agents of the Rotterdam court.

Having bought the whole cargo, the buyers transported it in the same way as they would have done if it had never suffered any damage. The buyers took the lighters by canal 60 miles to their plant where they used the entire cargo to manufacture food. The upshot of this astonishing sequence of events was that the buyers used all the cargo just as if they had never rejected it, save for the smaller percentages in their compound feeds than would be normal with wholly sound goods.

Exception

With that kind of background there is little wonder that the Court of Appeal was inclined not to assist the buyers if the law permitted a verdict against them. In the event, Mr. Justice Mocatta's ruling was reversed and the buyers were left to their remedy in damages if any.

What then was the law which determined the buyers' right to reject the goods? Until the Sale of Goods Act 1893, there had been confusion between the terms "condition" and "warranty." The difference thereafter was that if the seller broke a condition in any respect, however slight, the breach of contract gave the buyer a right to be free of his obligations and to sue for damages.

The only exception was where the buyer waived the condition, in which case he was bound to perform his future obligations but could sue for the damage he had suffered. If the seller broke a warranty in any respect, however serious, the buyer was still not free of his contractual obligations. He had to perform them; his sole remedy was to sue for damages.

That division was altogether too stark and admitted of no intermediary position, whereas the courts have over the years developed the concept of an intermediate stipulation, namely the kind of stipulation which may or may not go to the root of the contract. The courts have approached the problem in this way: First, is the stipulation strictly a condition so-called? If it is, then the other party is entitled to treat himself as discharged from his obligations where there has been a breach of the condition.

If the term of the contract is not a condition, then the courts look to the extent of the actual breach which has taken place. If the breach of the stipulation is such that it goes to the root of the contract, the other party is entitled to treat himself as discharged. But not otherwise.

What kind of stipulation does the phrase "shipped in good condition" connote? The Court of Appeal said that it was not a condition in the strict sense; neither was it a warranty. It was one of those intermediate stipulations which gave no right to reject unless the breach went to the root of the contract. Did the breach by the German sellers in delivering some damaged citrus pulp pellets go to the root of the contract? Here the buyers were hoisted with their own petard. The condition of the damaged goods could not have been all that bad, since they bought them after the Rotterdam court had authorised their sale and in fact used them for the purpose originally intended.

Moreover, by no means all the goods in the cargo were damaged; only some of them in one of the two holds in which the goods were kept on board the ship were damaged. Damages were quite a sufficient remedy for that kind of breach.

* [1975] 3 W.L.R. 447.

Oil price rise may mean dearer fish

BY OUR GRIMSBY CORRESPONDENT

FISH MAY cost more during the next few months because of a 10 per cent. jump in oil prices for trawlers, after the Arabs' decision to raise charges.

A Grimsby fishing manager yesterday forecast heavier unemployment and more ships laid up or scrapped.

Mr. Don Lister, outside manager for Consolidated Fisheries, one of the port's leading deep sea owners, said that the increase will have to be recovered by higher prices.

The 10 per cent. means at least £400 extra on the bill for every deep sea fishing trip. Grimsby already has 30 ships out of commission or scrapped and there are 300 deckhands and 50 skippers and mates unemployed.

SOCCER — BY TREVOR BAI

West Ham academy fin another star pupil

ALTHOUGH West Ham were without the services of the elegant Brooking in midfield, the intelligent control of Lock at the back, and bounce and bite of Robson and Jennings near goal, they beat Newcastle without undue trouble on Saturday.

Their 2—1 victory enabled them to remain level on points with the First Division leaders and they have a game in-hand.

What pleased their manager and their supporters so much were the performances of the young players drafted into the team. Not only did they confirm considerable reserve strength, but, even more important, real promise for the future.

It is generally agreed, and substantiated by their large revenue from transfer fees, that Burnley have developed the most efficient school for young footballers.

In the South, West Ham's football academy has rightly acquired a high reputation for both the quality and the character of its output.

Nicholas Monsarrat, describing one of the officers in *The Cruel Sea*, writes: "He was inevitably a Wykehamist." In rather the same way, it is usually possible to pick out players who learned their trade at Upton Park.

They have been reared in the same basic mould which is a considerable asset when promoted from the reserves, because they know exactly what to expect.

On the other hand, they are inclined to lose some of their individualism in the process and to become a shade predictable.

It is certainly noticeable how players, who have come from other clubs, have key parts in the present West Ham revival, because they have brought another dimension with them.

Ron Greenwood, the former headmaster of the West Ham nursey, has said that if Franz Beckenbaur was injured, then Helmut Schoen could pick a replacement in the same mould from any of their leading clubs.

He rather laments that there are 22 clubs in our first division all playing different styles of football. This may be too many, and certainly provides Revie with problems, but it would be deadly dull if they all employed the same basic patern.

On Saturday, the Hammers used a standard 4—3—3 formation with their front ning wide, Best with foot on the left flank in the middle and Hc the right.

This stretched a I rearguard which was that it was easy to ui why it has already cor many goals.

The key position, c the home team's midi was entrusted to C who though only 18, r with a remarkably ma cultured performance.

He gave his side an c with a well-taken goa the second half, when t were level, due to a blunder, his lob provid with the equaliser, a he the stranded 'keeper.

In between times, C showed a sharp footh and twice his perfect passes into open space lor racing clear. He ins seemed to know when and when to release.

It is too early to tackling, but on this sl could well prove to be prospect to come out of Ham academy since Peters.

RUGBY UNION — BY PETER ROBE

Speedy Richmond turn the tal

RICHMOND'S 20—14 victory over Leicester was all the more remarkable because Richmond lost Ralston after 10 minutes following a facial injury at the first line out. Then the home side was 10 points down in 22 minutes and apparently heading for a heavy defeat.

It was perhaps Ralston's absence, however, which led to Richmond's victory, or rather the style of their victory, for without him his team were obliged to run and pass adventurously to keep the ball away from the heavier and duller Leicester forwards.

The policy paid handsomely. In Bucknall Richmond had a permanent link between forwards and backs. He played a commanding game, displaying the wisdom of experience and the dash of his earlier days.

Flint kicked an early penalty for Leicester and then Wheeler scored a try from a quick tap by Mortimer after which Flint kicked a second penalty. For Richmond, Whibley dropped a monumental goal from half way after 25 minutes and then Richmond scored a splendid try from a Leicester 25 drop out. Philp caught and gave a well timed pass to Mort who threaded his way to the line finding the scrum half again perfectly placed to score.

With Whibley and Shackleton missing penalties, Duggan scored an excellent try for Leicester after good work by Jones and Bann. Richmond, forgetting the anaemia of the first half, began to attack through their half-backs Philp and Hurley. Philp showed astute assessment and Hurley scored a remarkable try as Mort passed inside to the tireless Dickins, who is clearly a much better forward than when at Cambridge.

Perfect loop

Hurley equalised with a penalty and Mort completed Richmond's joy by scoring the winning try 15 minutes from time with Hurley converting. Hurley and Shackleton performed the perfect loop with Hurley cleaving through with Mort in support. It was colourful rugby which Leicester could never imitate.

Leicester's strength was in their forwards but only in static positions. For example, Bann did well at the lineouts, and they scrummaged well with understandably taki strikes against the h their biggest sins were to the loose ball and even to try to exploi pleted Richmond back

Marshall was the liv ward with the statel adding some en touches. Their Walley and Flint were quick enough but the distinct lack of idea the scrum which poir major crisis of the sid ship.

Money at fullback control his side's ta although Leicester pla attractive rugby late game, they had no one experience of Shack Janion to switch the di play. Only Duggan c such skills. Shackleto more French than En his flicks inside, looke at centre though b bizarrely at times.

Richmond have mac start but have yet to proved. Leicester n quicker tight forward the talent of the yo line can be better emp encouraged.

GOLF — BY BEN WRI

Piccadilly future in the bala

THE FUTURE of the Piccadilly World Match Play championship, the most important golfing occasion in this country other than the Open Championship, will be decided at a meeting of the Carreras Board in 14 days' time.

For the first time since its inception in 1964, this event, which has consistently brought the best golfers in the world together in this country in man-to-man combat, is in doubt.

The economic crisis, plus a new emphasis on selling cigarettes rather than keeping a name in front of the public, has led to the reappraisal.

The event has become too important to golf, and, I would hope, to Piccadilly, to drop, and if it is true that it costs £200,000 to stage, then this, in terms of television, radio and Press returns alone, must make it one of the best bargains dreamed up by the publicity men.

Apart from that, the public votes for the event with its feet, flocking to it in as many thousands as Piccadilly will sell tickets. Its pre-eminence in British golf is vouched for by the fact that it shares with the Open the ability to sell out beforehand.

This year, there were as many as ever, despite murmurings that the field was not either as representative or as eminent as in previous years. What they saw was yet another demonstration from Hale Irwin of why he is well on his way to becoming a really great player.

His four and two victory over Al Geiberger in the final was the least part of that demonstration.

All week, Irwin, who in his attitudes is more like an emergent Gene Littler than the brash Americans we have come to expect over the years, played quietly superb golf. Peter Oosterhuis never had a look-in, Jack Newton was never good enough, and, in the last analysis, neither was Geiberger.

Irwin did not play his best in the final. He was round in 72 in the morning, one under par, and was three under for the afternoon when the match finished on the 16th.

It was the sort of golf that the championship has not produced since 1964—an eclectic score of 50 for the 18 holes. But it matched a gently autumnal day and, as it was born of a swing that has few aesthetic peers, was supremely pleasant to watch.

Irwin lunched one up and won the second in the afternoon when a seven-iron tee shot bit hard on its second bounce and screwed back to seven ft. Incredibly, they halved every hole from there on, mo Geiberger putting fro Irwin, round to the 13.

Geiberger hit what lo a very tired shot at the got away with it, as he another at the 12th, bu found him out.

His second finished short and left, and Irwin was in much the of place on the right, i latter who got down i and putt. Geiberger co no complaints. He had the week by the same and now found hims down with five to play.

Both hit poorish tee the 14th, short when essential is to be long and halved the hole in end came with an eno ft. putt for a birdie at from Irwin, who never to play the last two ho

He becomes the onl other than Arnold Palm and Gary Player (five) won the title more th and one of six winne years.

The others are Tom Jack Nicklaus and Bo and if the accountants their way eventually marvellous idea it wo invite them all back *one last great and glori*

RACING — BY DOMINIC WI

Space Leader appeals

HENRY CECIL, whose smart two-year-old, Wollow, will find the once-raced Irish raider, Malinowski, an extremely formidable opponent in Friday's Dewhurst at Newmarket, saddles *Space Leader*, for to-day's one and a quarter mile Arden Plate (3.30) at Warwick. With only modest opposition to beat, this American-bred colt appeals as the best bet of the afternoon on the Midlands track.

Space Leader, who begun the season by achieving a hat trick through successes in minor events at Wolverhampton, Warwick and Windsor, returned to winning form after putting up several respectable displays against stiffer opposition, with a narrow success over Amber Sun in the competitive Exning Handicap on the Rowley Mile Course a fortnight ago.

Driven out by the season's leading apprentice, Alan Bond (who will be stable jockey to Cecil next year) Space Leader held on gamely to beat the runner-up—to whom he was conceding 10 lb—by a head. A reproduction of that form ought to enable Space Leader to master that game filly, Blaskette, and the disappointing Sir Something.

Turning to Ayr's National Hunt meeting, where it will come as a surprise if *Tom Morgan* cannot concede two stones to the erratic Wyse Hill in their match

WARWICK

- 2.00—Mary Culter
- 2.30—Galyadriel
- 3.00—Sackville
- 3.30—Space Leader**
- 4.00—The Tista

AYR

- 2.15—Dunspride
- 2.45—Tom Morgan
- 3.15—Lothian Countess***
- 3.45—Baylord
- 4.15—Forest King

SOUTHWELL

- 2.15—Fraticelli
- 3.15—Southern Land

for the Carnell Chase (2.45)... I shall be disappointed if *Lothian Countess* is unable to land the Sandyford Hurdle an hour later, in which she is bidding for her second success over this three-mile course and distance. The top weight, Lochar Moss, who is something of an Ayr s may chase her home.

At this afternoon's oth ing meeting, Southwell, to see *Southern Land* weight away all round afternoon's feature even the Colonel R. T *Memorial* Trophy (3.15).

Looking ahead to Sa Champion Stakes at New Lester Piggott has c that he will be aboa Pellinore on whom he second behind Grundy Irish Sweeps Derby. O'Brien's half-brother to will be opposed by Ros Anne's Pretender and Run from England, the F Boutin trained French lenger, Ramirez, who c ably defeated Mariac Allez France in the £30,0 d'Ispahan this summer. Arc winner, Star Appeal. Bolkonski, partnered i as was his stable mate, by Gianfranco Dettori a market on Saturday, ma be in the Champion though no final decision his participation is likely made until Thursday.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.20 p.m. Anno Domini. 12.55 News. 1.00 Pebble Mill. 1.45 Ring-a-Ding. 1.50 Thomas. 2.01 For Schools, Colleges. 3.58 Regional News (except London). 4.00 Play School. 4.25 Astronut. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.20 Inch High Private Eye. 5.40 The Wombles.

- 5.45 News.
- 6.00 Nationwide.
- 6.50 The Goodies.
- 7.20 Angels.
- 8.10 Panorama.
- 9.00 News.
- 9.25 The Monday Film: "Kill A Dragon," starring Jack Palance.
- 10.55 To-night.
- 11.30 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.50 Wales To-day. 6.50-7.20 Heddiw. 10.55-11.30 Kane On Monday. 11.30 News and Weather for Wales.

Scotland—11.00-11.20 a.m. For Schools In Scotland. 6.00-6.50 p.m. Reporting Scotland. 10.55-11.30 Public Account. 11.30 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 6.50-7.20 Castle Concert. 11.30 Northern Ireland News Headlines.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

- 7.05 a.m. Open University.
- 11.00 Play School.
- 3.00 p.m. On The National Health.
- 3.30 Homes From Home.
- 5.00 Open University.
- 7.05 The Selling Line.
- 7.30 Newsday.
- 8.10 The Waltons.
- 9.00 Madame Bovary, part 4.
- 9.50 Crisis At "The Observer."
- 11.10 *Newsnight.*
- 11.25 Closedown: Robert Hardy reads "The Horses," by Ted Hughes.

LONDON

9.30 a.m. Schools Programmes. 12.00 Noddy. 12.10 p.m. Rainbow. 12.30 Mum's The Word. 1.00 First Report: News, FT Index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. †2.30 "Brushfire," starring John Ireland. 3.55 General Hospital. 4.25 Clapperboard. 4.55 Hogg's Back. 5.20 And Mother Makes Five.

- 5.50 News from ITN.
- 6.00 Today.
- 6.45 Opportunity Knocks!
- 7.30 Coronation Street.
- 8.00 My Son Reuben.
- 8.30 World In Action.
- 9.00 The Sweeney.
- 10.00 News.
- 10.30 Seven Ages of Fashion.
- 11.00 The Streets of San Francisco.
- 11.55 Why?

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 2.30 Mystery Movie: McMillan and Wife. 4.25 The Romper Room. 6.00 About Anglia. 10.30 The Lost Centuries. 11.00 Police Surgeon. 11.30 [illegible]

ATV MIDLANDS

12.30 p.m. Out of Town. 1.20 ATV Newsdesk. †2.30 "Family Doctor." 5.20 Around the World in 80 Days. 6.00 ATV Today. 10.30 Platform for Today. 11.15 The Collaborators.

BORDER

†1.20 p.m. Border News. 2.00 Housecall. †2.30 Monday Matinee: "Who Done It?" starring Bud Abbott and Lou Costello. 6.00 Border News and Lookaround. 6.15 Lord of the Islands. †10.30 For Adults Only: "Georgy Girl." †12.15 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.00 Mum's the Word. 2.30 The Monday Matinee: "The Jackpot." 6.00 Channel News. 6.10 A Look at New Zealand. 10.30 Seven Ages of Fashion. 11.00 Oscar Petersen Presents. 11.30 News and Weather in French followed by Channel Gazette.

GRAMPIAN

1.20 p.m. Grampian News Headlines. †2.30 Monday Matinee: "Moss Rose," starring Peggy Cummins and Victor Mature. 6.00 Grampian Today. [illegible] The Scottish Soldier. 11.00 Orson Welles Great Mysteries. [illegible]

GRANADA

1.20 p.m. This is Your Right. †2.30 Monday Matinee: "Don't Ever Leave Me," starring Jimmy Hanley and Petula Clark. [illegible] 6.00 Granada Reports. 10.30 Sounding Brass. †11.00 Command Performance. 11.55 The Nature of Things.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Housecall. 2.30 The Monday Matinee: [illegible] starring Desi Arnaz Jr. 6.00 Report West. 6.22 Report Wales. 10.30 The Monday Film: "The Visit," starring Ingrid Bergman and Anthony Quinn.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.00-6.22 Y Dydd. 10.30-11.50 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.22-6.45 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 2.30 Monday Matinee: "Over the Moon," starring Merle Oberon and Rex Harrison. 6.00 Scotland Today. 6.30 Crimedesk. 10.30 Late Call. 10.35 The Lion's Share. 11.30 The Scottish Soldier.

SOUTHERN

12.30 p.m. Southern News. 2.00 Houseparty. 3.25 The Brandon Exchange. 3.25 [illegible] Heroes. 6.00 Day By Day. 11.00 The Protectors. 11.30 Southern News Extra. 11.40 Guideline. 11.45 Farm Progress.

TYNE TEES

9.25 a.m. Starting Point. [illegible]

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Women Only. †2.30 Monday Matinee: [illegible] 10.30 [illegible] Paramount Movie: "Big House USA," starring Broderick Crawford.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 Mum's the Word. 2.30 The Monday Matinee: "The Jackpot," starring James Stewart. 6.00 Westward Diary. [illegible] 11.00 Oscar Peterson Trio. [illegible] Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. [illegible] The Mary Tyler Moore Show. 2.30 Monday Matinee: "Timetable," starring Mark Stevens [illegible] Emmerdale Farm. 6.00 Calendar. 10.30 "No Room at the Inn" starring Freda Jackson.

RADIO 1 247m

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

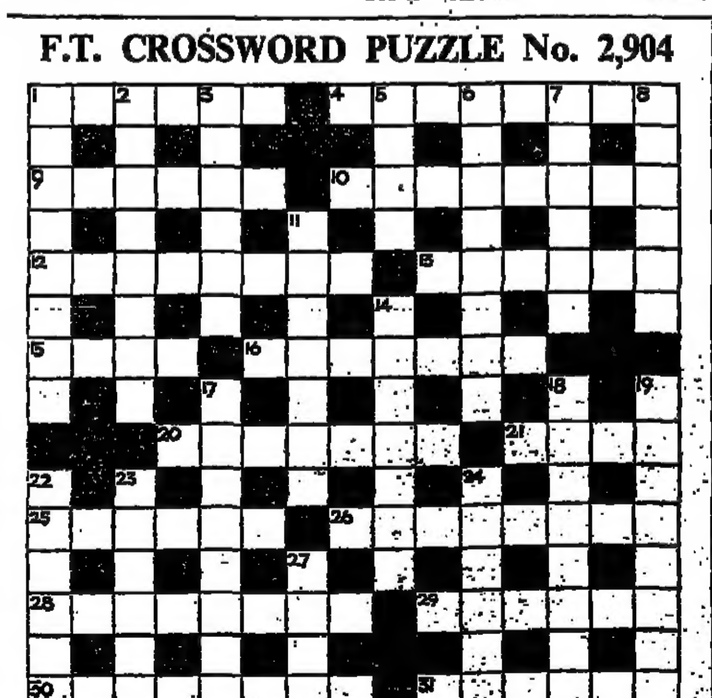
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,904



ACROSS

1 A girl to take care of in the Riviera (6)
4 Fat round pig for early port (8)
9 A college body (6)
10 Paul was converted on the way to it (8)
12 Put a short notice in the list for a cycle (8)
13 A horse is upset when no longer at sea (6)
15 Count after William in opera (4)
16 Praise can make us go to pieces (5, 2)
20 Mod indeed! It is just old-fashioned (7)
21 Sounds like the first grass (4)
25 Frothy quarter among the wise, we hear (6)
26 It is unwholesome to follow a girl in the street (8)
28 Communicated some in returning half (8)
29 As a precaution the Indians go East (2, 4)
30 The reptile is around somehow (8)
31 The girl of 26 has a setback in France (6)

DOWN

1 Steep spice with speed (8)
2 Rule for a helper in the usual run of things (8)
3 A trip for one in pot (6)
5 Eugene initially associated with music (4)
6 Confirms that Teddy is abroad (5, 3)
7 Get on with the shrewd old magistrate (6)
8 With father around she rushed forward (6)
11 Boredom inevitably gives place to sleep (7)
14 Stresses current coins (7)
17 Attempts openings round the river (8)
18 Appeals to the worker as agreeable (8)
19 Dull lock of hair supports the sleeper (8)
22 "Memory a —— lovely blossoms may enclose" (Coates) (6)
23 Occur maybe in the North (6)
24 Commander includes the objective in the items of business (6)
27 "Survey mankind from China to ——" (Johnson) (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا من الأصل

ewcastle Festival

ELIZABETH FORBES

st Newcastle Festival, ndel affair, took place hree years later singers nown as Madame Mara iael Kelly were billed in the miscellaneous the 1796 Festival was il disaster, but an 1814 nce of *Messiah* with Catalani and John coined money, despite nomical fees demanded oprano. In 1824 the nberland, Durham and -upon-Tyne Grand Festival" ran from to 8; there were con- ning and evening, con- y Sir George Smart; *Creation* and *Seasons*, as Mozart's *Requiem*. e inevitable Handel on ramme; Braham and —who was admonished *me Mercury* for not dis- "somewhat severe and countenance" when devotional music— in the stars.

12, despite a Grand ess Ball at the Assem- 3s, there was again a nd the next Newcastle was not held until 1909. lgar's *Kingdom* and were conducted by the , Busoni played Liszt, a Butt sang. Plans for ial jamboree came to and there was a 60-year fore the Festival was n 1969. These facts are rom a fascinating little n at the Central "The History of the e Festival,' arranged by ing, the artistic direc- ne Festival since 1972. modern manifestation, e includes drama as music, opera or ballet as concert and recital, as well as folk and jazz. ar the Royal Ballet was g *Romeo and Juliet* and e in the Big Top, set up am Barracks; Prospect Company offered the *Pilgrim* at the Theatre ollowed by the Actor's with *The Phantom at ra*. At the University the Tyneside Theatre was playing *All Change*, tic portrait of George on by Cecil P. Taylor ard Cooper, with songs Glasgow, mounted to e 150th anniversary—on er 27—of the opening of kton-Darlington railway e production, directed by s and first seen, appro- priately enough, at Darlington, is centred on the larger-than-life personality of Stephenson him- self, given an equally vigorous performance by Bryan Pringle: not only does it outline a typical 19th-century poverty to power success story, but also pays tribute to the now vanished age of steam.

Opera was represented by a concert performance of Stravin- sky's *Oedipus Rex* in the City Hall, while this year's large-scale chorus work was *The Dream of Gerontius*, sung in Durham Cathedral, in association with the Durham Music Festival. Elgar was also the centre-piece of a concert given by Alexander Gibson and the Scottish National Orchestra, in which Janet Baker sang his *Sea Pictures*. Launched at Norwich in 1899 by Clara Butt, these magnificent settings of embarrassingly bad poems are still an overwhelming experience when projected with the tonal beauty, noble declamatory style and utter conviction that Janet Baker brought to them; as an encore she repeated the lovely fourth song, "Where corals lie." Mr. Gibson, who played up the Elgarian rhetoric to the hilt, then gave an under-stated account of Shostakovich's Fifth Symphony, which nevertheless stirred the emotions consider- ably. The SNO strings began the evening promisingly with the Vaughan Williams *Fantasia on a theme by Tallis*.

The other orchestral concert I heard was given by the Northern Sinfonia, with Tamas Vasary as conductor, and as soloist in a beautifully limpid performance of the Mozart Piano Concerto in G, K.453. Mr. Vasary directed the Sinfonia in lively and loving executions of Haydn (Symphony No. 86) and Schubert (Symphony No. 5); the concert ended with Bartok's Two Romanian Dances.

'City Sugar'

In Friday's late edition, a con- fusion between two characters led to the character of Nicola, played by Lynne Miller, being referred to as Jane, played by Hilary Gasson. Although appre- ciation of Miss Gasson is by no means retracted, the specific praise directed to Jane was meant to be directed to Nicola and to Miss Miller. Apologies to all concerned.

Cedric Price

by H. A. N. BROCKMAN

edric Price Exhibition, t the *Heinz Gallery*, 21, Square, until November t so much the projection chitect's work as of his hy; all words and a far less casual treatment. As an indicator to the mood, the Guide quotes Lewis Carrol's "He taugh us Drawling, Stretching and Fainting in Coils" followed by an anticlimatic list of Cedric's biographical progress.

Price is a most like- entric who is talking n "avant garde" almost wn creation. "Architec- ie says, "can best be by the untruths it estab- n other disciplines," a emark which seems to moral superiority which s hard to justify for a on in which the young asily be led by the nose hinking that they are the pace.

n exhibition of drawings no layman could ate, pinned up with little y and much flippery in rroundings of a most d gallery which demands Few completed works are illustrated, a familiar and worthy one being the Aviary at the London Zoo in which he collaborated with Lord Snowdon and engineer Frank Newby.

But then, in a room apart, are laid out some of the cleanest and wittiest architectural drawings. Beautiful understatements strongly reminiscent, although not deliberately derived from, the economic draughtsmanship of Osbert Lancaster. Cedric Price enjoys an obvious popularity with the extremist youth of the architectural profession and he must be congratulated on this honest exposition of a wide interest and a stimulating talent.

Prof. Walter Felsenstein

ssor Walter Felsenstein, endant of the Komische 1 East Berlin, died last He was 74.

nstein was invited by the government to create a mische Oper in the Soviet of Berlin in 1947, in the rebuilt Metropol Theatre. he established an opera that worked to exception- gh standards. He paid as attention to the dramatic his productions as to the l, rehearsed them as long thought necessary; and d a continuing excellence h constant attention hout the whole duration production. The repertory was confined to no more than 12 productions at a time, which were given in German, the audience's own tongue.

The world reputation of the Komische Oper was so high that Felsenstein was able to demand special privileges for it from the East German Government. When the Berlin Wall was built, he insisted that all his personnel, down to the humblest members of the front-of-house staff, should be allowed to go on living in West Berlin if that was where their homes were, a concession granted to almost no-one else.

Felsenstein was an Austrian by birth, born in Vienna. He leaves a wife and one son.

John Brecknock and Valerie Masterson

Coliseum

The Seraglio by RONALD CRICHTON

The revival on Friday of the Copley production of *The Seraglio* was notable for some excellent singing and for many-balconied sets of Stefanos Lazaridis, *an intelligent fantasy* on the water colours and prints of the roaming artists who swarmed on the Bosphorus in the early parts of the 19th century. Valerie Masterson's Constanza would grace any opera house. Her voice is in admirable condi- tion. She can give the big arias size as well as delicacy. *Her* beauty, dignity and spirit explain the Pasha's story-book combina- tion of desire, respect and generosity. John Brecknock is on the verge of becoming a heavy tenor for Belmonte, or so one felt during his first aria (which he addressed to a mysterious character called Heragain, not named in the cast list).

Later one was happy to settle *for such fullness of tone* and easy command of the stage in a role which suffers so much from the lack of either quality.

Marion Studholme's Blonda remains as blithe as a canary, studiously avoiding pertness, for once hardly teasing Osmin enough. Paul Crook's light, well-projected, individual tenor is admirably suited to Pedrillo. The Serenade did not go well on Friday, but that was not entirely Mr. Crook's fault. The Osmin of *Dennis* Wicks will serve well enough when he uses his voice more and producer's gags less to win his laughs. Geoffrey Chard makes the *songless Pasha* a younger, more convincing tyrant than usual, with a well-stocked harem for all to see.

Sir Charles Groves conducted in a way that implied he was after a new approach to the score but hadn't quite found it. The orchestra for the most part was kept firmly down, to eloquent effect in the more serious pages, though the attack at the opening of Constanza and Belmonte's duet was flaccid, and her *Traurigkeit* aria threatened to run down from inanition. For the remainder, although the absence of merely *superficial* polish was welcome there was not much sparkle, fun, or sign of the "spirit of youth and happiness" which Weber found in the work. The general im- *pression* was pensive and middle-aged.

The production is rehearsed by Christopher de Souza. The arrival of Constanza and the Pasha by barge, grouped like a Turkish Tiepolo, remains very good. But the comic business (Osmin's fishing is now an embarrassment) compounds with the English dialogue in coating the work with a glaze of vulgarity. Gottlieb Stephanie *was not much of a librettist*, but he and his age deserve better than this weary undergraduate humour delivered with sledge-hammer timing. The praying to Allah before the drinking scene is offensive. The treatment of Pedrillo's Serenade is wildly insensitive—this is one moment *where producer* and performers must take their cue from the mood of the music. How can that magically airy fragment lead to *such heaviness*?

Covent Garden

The Ring by GILLIAN WIDDICOMBE

The Royal Opera's *Ring* now returns to slumber in the store-room. (Like Fafner, it awaits the final challenge, with the addition of *Götterdämmerung* scheduled for next September.) The conducting of last week's cycle was generously given to Reginald Goodall—a belated but worthy gesture in view of the many years during which Goodall coached Solti's singers before rediscovery at the Coliseum. Sadly, Mr. Goodall spent too much of himself in rehearsal, and had to hand Satur- day's *Siegfried* back to Colin Davis.

However, Goodall's conducting of *Die Walküre* on Thursday apparently produced the warmest, most compliant and *sensitive musical contribution* so far to the Davis Friedrich col- laboration. (I missed this year's *Rheingold*, hence the qualification.) The orchestra did not exactly transform itself for him; and since *Walküre* so cruelly exposes woodwind intona- tion, both solo and subordinate *playing was at times loud* and rude even for Covent Garden. But Goodall's tender, careful nursing of the transparent first act gave Thursday's perform- ance a radiant beginning. His ability to draw out the *cantabile* quality in orchestral themes, and interlock them with vocal lines, *remained astonishing. (In* this respect, the sheer tuneful- ness of *Walküre* always suits him.) As usual, it seemed achieved by pointed rehearsal and natural, unhurried tempo in equal proportion. No melodic reference, however hidden or disguised, was left unheard; and the listener became as aware of Wagner's thematic juxtaposi- tions as if he were reading Donington's anlyses for the first time.

Goodall's expressivity seemed to fit well with Götz Friedrich's direct frontal staging, in which singers are ingeniously posi- tioned so that they project with ease into the auditorium. In Thursday's *Walküre*, words were always clear, but phrasing never allowed the feeling of hectoring. For the *most* part, Goodall's tempi were not so much slow as steady; they seemed unduly slow only when string figuration could be observed like wire net- ting. But the fire music sum- moned for Brünnhilde failed to sound convincing, compounded in its heavy, prickly anticipation by the siting of the harps in a box at stalls level—from which they would have appeared clumsy if only knitting.

Davis's return to Siegfried on Saturday encouraged premature comparisons; silly to expect his work, for all its livelier orches- tral tissue, to match Goodall's in ease of timing, or confidence of lyrical expression. This last *Siegfried* was generally more secure than last month's première; but was still a peculiar mixture of zeal and rhythmic vigour with plain, even tentative phrasing. Davis has mastered, this year, *the tendency* to hurry Wagner's climaxes so that they sound trivial; but even the most radiant passages of Brünnhilde's awakening were matter-of-fact in dynamic grading and lyricism.

Both *Walküre* and *Siegfried* were patchy in casting for this last cycle. By far the best of the newcomers was Jean Cox as Siegfried. The voice was not heroically golden but the per- formance was amiable, amusing, and sturdily, attractively sung. Two Hungarian *sopranos* were borrowed from the Budapest Opera, perhaps prematurely, for both were vocally interesting but had difficulty with intonation. Katalin Kasza's Brünnhilde was the more secure, summoning her sisters with piercing, exciting, vibrant voice in *Walküre*. Later an odd habit crept in: vibrato discarded for all long notes, which she leant on and wielded like a spear. (Possibly she had been encouraged to emulate Berit Lindholm, her excellent predecessor, whose vocal line was clear and keen.) Sieglindes are apparently in short supply or Eszter Kovacs plucked from the ash tree too soon. See-saw vibrato, and appalling intonation, though the voice was rich in *tone*.

It was a loyal gesture to invite David Ward, a veteran of the Solti/Hotter production, to sing Wotan in this new *Ring*. After indisposition, he skipped *Walküre* but returned for the *Siegfried* Wotan. He was in good voice, but his bluff, jovial, basso performance seemed to owe more to the old production, and sounded a little clumsy after the elegantly sinister Wotan devised by Friedrich with Donald McIntyre's neater, more baritone-like timbre and taut, dark acting. Ward's Wotan had apparently undergone an eye-transplant, since his double-faced make-up was painted the wrong way round.

Elizabeth Hall

Beaux Arts Trio

by RONALD CRICHTON

It is 20 years since the Beaux Arts Trio began an illustrious career with a concert at the 1955 Berkshire Festival at Tangle- wood, U.S. The anniversary is being celebrated in London with a Beethoven cycle in the Eliza- beth Hall. Yesterday afternoon's recital was the second. The third and last takes place to-morrow night, and deserves better attendance than the decent but thin-at-the-sides audience yester- day. Why some first-rate Ameri- can ensembles don't really go over here is a mystery. No doubt quite a few stout island breasts still believe that all American music-making is brash, yet it is often precisely the ones who aren't brash at all who fail to receive their due from British audiences.

Each of these recitals includes two of the major piano trios with two lesser ones. Yesterday brought the second (G major) of the set dignified by the com- poser as Opus 1 (he diplomatic- ally delayed this designation until he had *something* ready he considered worthy) and the E flat Trio from Op.70. Between the two came the single Alle- gretto movement, dated 1812 (the *year after the Archduke*), writ- ten for the young Maximiliane von Brentano, and the 14 Varia- tions in E flat published as Op.44 but composed as early as 1792, before Beethoven moved from Bonn to Vienna. Of the two the Variations are the more interest- ing—entertaining, varied, en- dearingly juxtaposing salon bril- liance with sudden, half- instinctive looks into the future.

The playing had the expected superfine quality, with a degree of ensemble going far beyond merely keeping together. With these artists it is a question of give-and-take and constant mutual awareness, the pianist in almost physical touch with the violinist (the cellist must have eyes in the back of his head), each member listening acutely to the others. The sound, fine and silken from the pianist as well as the string-players, is especially well suited to the E flat Trio, a work of rustling con- tentment. Oddly enough this sound went slightly less well with the G major Trio, ravish- ingly played in a way that did not seem quite right for the young Beethoven who had so much boiling up inside him. Something to do, perhaps, with the difference between a modern grand played with fabulous con- trol of dynamics and a forte- piano played all out.

Festival Hall

Barenboim, Rubinstein

by DOMINIC GILL

Every Rubinstein appearance is a milestone of a kind, a special event. But last night's London Philharmonic Orchestra concert under Daniel Barenboim also marked a milestone of another sort: surely the first time the LPO has played Webern in the Festival Hall?

The original plan had been to give Boulez's *Tombeau* from *Pli selon pli*: a dramatic contrast for full orchestra to the otherwise traditional programme of Beet- *hoven and Brahms*. But the Webern Op.24 Concerto for nine instruments, chosen instead, also made a nice introduction: a *fra- gile*, bittersweet hors d'oeuvre to quicken the senses and concen- trate the ear, barely nine minutes long. It was a sympathetic per- formance, easy and precise, unselfconsciously romantic *in its* shaping of Webern's diamond-cut lyrical line. Problems of balance were well solved—only the *rasch* last movement ideally needed a shade *more incisive* piano tone. The piece itself appeared to cause—milestone indeed, 41 years now after its composing—not the slightest ripple of alarm.

It was good to hear Beet- hoven's fifth symphony again after so many years (perhaps only a music critic could avoid hearing the Fifth for so long!): good to hear it too in so well-made and intelligent a perform- ance as Barenboim's. It was an *imperfect account*: there *were* some awkward moments, much over-pointful rubati, and (for my taste, already whetted maybe by the Webern) laboured "expres- sive" gesture—does there really have to be such a great *allar- gando* on the first three chords of the finale? But it had poise *and presence*, and a *strong indi-* vidual accent; and it left in its wake a powerful resonance. The impulse was again predomin- antly lyrical, the accent on verve and vigour *rather* than finesse—was it design, or accident, to play down the famous shrill piccolo in the coda of the finale, pointing our attention instead to the richness of texture and har- monic movement that underpins it?

After the interval, a masterly *account of the Brahms D minor* concerto from Rubinstein. Not a vital line was smudged, nor a single challenge unmet—mar- vellous economy of movement, economy of bravura, economy of spirit. No hint of age or hesita- tion in the first movement's massive chains of trills, or in the finale, as Rubinstein bounded ahead of the orchestra with unstoppable energy. After the concerto, Chopin's D flat Noc- *turne, drawn with perfect* classical restraint, with his one, perfect encore.

Elizabeth Hall

Rosmonda d'Inghilterra

by ELIZABETH FORBES

Opera Rara, continuing its self-imposed task of exhuming the unknown works of Donizetti, has *this time unearthed* a *real* gem from that inexhaustible store of buried treasure. *Ros- monda d'Inghilterra*, originally staged at the Teatro della Per- gola, Florence, in February, 1834, was on Saturday receiving its first performance in Britain and its first revival anywhere for nearly 130 years. *Felice* Romani's excellent libretto, pre- viously set by Carlo Coccia, con- cerns King Henry II of England, his mistress the Fair Rosamond (a lady who actually existed), and his wife, the formidable Eleanor of Aquitaine, who finally stabs and kills her rival. Rosamond's father, Clifford, and Arturo, the King's page (a travesty role), complete the cast.

The score of *Rosmonda* was thought *to be lost, but* Patric Schmid, Opera Rara's musical director, found the autograph manuscript of a revised edition, made in 1837, at Naples, and this edition was used for the concert performance at the Elizabeth Hall. Written during a particularly fertile period in the composer's career—the opera lies between *Lucrezia Borgia* and *Maria Stuarda* in the Donizetti canon—*Rosmonda* reveals a high level of inspiration. Donizetti's forays into British history may wildly distort the facts but he has a happy knack of achieving psychological truth in the behaviour of his characters.

The performance, conducted by Alun Francis with the Ulster Orchestra and the choruses of Opera Rara and the Northern Ireland Opera Trust, was well-prepared and idiomatic. Mr. Francis seems to have a natural affinity for the robust, but by no means unrefined, Donizettian style. Janet Price should have sung Rosamond, but fell ill earlier in the week; just as Miss Price once saved Torquato Tasso by stepping in at the last minute, so Yvonne Kenny, the 25-year-old soprano from Sydney who won this year's Kathleen Ferrier Memorial Award, making her British debut at a few days' notice in a fearsomely difficult role, not merely rescued the opera, but scored a well-deserved personal triumph. Miss Kenny has a voice of lovely quality, pure-toned, limpid, even through- out its considerable range. Her technique *was in every way* adequate to the vocal demands of the part, but it was the musi- cality of her singing, the stylishness of her phrasing, the expressiveness of her declama- tion, that were remarkable.

Milla Andrew, in highly effec- tive dramatic contrast, brought tremendous attack and great nervous vitality to her portrayal of Eleanor; she sang her final justification of the murder of Rosamond with telling dignity and *restraint*. Richard Greager, an impassioned Henry, some- times pressed too hard on his lyrical tenor voice, but always remained convincingly inside the character. Enid Hartle sang Arturo's aria most sensitively: though her voice is ideally a little too soft-grained for this *music, it was a pleasure to hear* such a mellow timbre. Christian du Plessis, in the rather thank- less role of Clifford, made the most of his major opportunity, a father-daughter duet that antici- pates the long line of such scenes in Verdi's operas. Our gratitude is due to Leak-Wharefdale for enabling us to hear a fascinating long-neglected work.

OVERSEAS NEWS

Beirut tries another reconciliation

BY IHSAN HIJAZI

BEIRUT, Oct. 12

PREMIER Rashid Karami has called on all Lebanese to turn a new page and co-operate closely not only in restoring law and order but also in "building the Lebanon of the future."

The Premier spoke after signs of relaxation in the general situation in the country, and after most of the barricades were yesterday removed from Chiyah and Ain al Rummaneh, the confrontation suburbs of Beirut.

Lebanese newspapers to-day splashed on their front pages photographs of masked members of the Christian Phalangist party from Ain al Rummaneh hugging and kissing Moslem armed men from Chiyah. The two neighbourhoods exchanged delegations but the rejoicing was marred by the killing of a local Phalangist militiaman by a sniper's bullet.

The Government is making an all-out effort to inspire confidence.

The business centre of this once booming city is now a mass of rubble and charred buildings and stores destroyed during the fierce fighting between the warring factions.

Another attempt to remove the debris was being made to-day despite the weekend holiday. The government was thinking of compensation to the business institutions affected.

In a move to re-emphasise that regardless of what has happened Beirut will remain a financial centre, the Bank of Lebanon, the government's central bank, issued a statement to-day categorically denying that it intended to impose currency restrictions. The statement said that there will be no interference with the freedom of foreign exchange dealings.

The statement was taken as setting the stage for reopening of banks and resumption of transactions this week if the current trend in ending the strife keeps up.

Beirut was calm despite sporadic shooting incidents last night in some of the outskirts. A new ceasefire in the northern port of Tripoli seemed to be holding except for an exchange of fire in the confrontation suburb of Al Kobaa in which two men were killed.

Assad 'talked arms' during Moscow trip

By Louis Fares

DAMASCUS, Oct. 12.

PRESIDENT Assad's surprise 24-hour visit to Moscow last week for talks with Soviet leaders was chiefly concerned with the consequences of the Sinai agreement between Israel and Egypt according to informed sources in the Syrian capital.

President Assad has been deeply concerned at the huge supply of arms the U.S. has promised Israel as a result of the agreement and, western diplomatic sources believe, he raised the question of Soviet armaments to Syria with the Kremlin. In addition the sources believe President Assad has been seeking Soviet support for Syria's political counter-offensive against the agreement.

Syria has been bitterly opposed to the Sinai agreement, and President Assad has, in a recent speech, made a second-stage agreement in the Golan Heights dependent on simultaneous negotiations with the Palestine Liberation Organisation (PLO).

Meantime, Syria seems to be largely ignoring moves by Egypt aiming at changing the Syrian stand.

A Syrian official said that both the Defence Minister, Major General Mustapha Tlass, and Foreign Minister, Abdul-Halim Khaddam, remained in the Soviet capital.

The official said that Syria now considers its front with Israel as being "the only active front. This fact, which came up in the aftermath of the Sinai agreement, means that the balance of forces in the Middle East has to be maintained between Israel and only Syria."

Sadat tries to patch up his disagreement with Syria

BY MICHAEL TINGAY

CAIRO, Oct. 12.

PRESIDENT SADAT is making efforts to break out of Egypt's relative isolation in the Arab world, following the Sinai agreement using the confederal parliament (of Syria, Libya and Egypt) to try to patch up the quarrel with Syria.

Syria's continued opposition to the Sinai settlement with Israel has deeply troubled the Egyptian leadership. Egyptian students in Damascus are likely to be ordered home unless relations improve and Egypt must certainly have been disturbed by the enthusiasm of anti-Egyptian feeling expressed in Syria's October 6 anniversary demonstrations.

The loose-linked Confederal Parliament with 20 members each from Syria, Libya and Egypt which convened last week at Mr. Sadat's suggestion, decided yesterday to set up a special committee to find ways to patch up Cairo's quarrel with Damascus.

The four man committee comprising Libya's Bashir el Rabty and Hazmy el Zabouni, Egypt's Mahmoud Abu Nasr, and Syria's Ahmed Khadour will report their recommendations after three weeks

Meanwhile the deputy speaker of the confederal parliament Muhamed Shahin returned here over the weekend with assurances from Colonel Khedafi, the Libyan leader, of a halt to anti-Egyptian campaigns.

Last week Mr. Sadat exchanged greetings with Colonel Khedafi after two years of bitter quarrelling and there is talk of a meeting between the two leaders.

Reconciliation was made easier after the attempted anti-Khedafi coup in August because Khuwailidi al Hamidi, Libyan Interior Minister, made a Libyan climb-down of anti-Sadat activity a precondition of his continued loyalty to Khedafi, according to well informed sources here.

Mr. Sadat has been resisting pressure by other Arab States for a meeting with President Hafez Assad in Riyadh.

Time is short for Egypt if a reconciliation with Syria is to be effected before the end of the year when Mr. Sadat will once again be forced to turn to his Arab oil rich neighbours for fresh injections of capital.

If Arab opposition to the Sinai agreement is still rampant in December, Saudi Arabia and especially Kuwait will be under pressure from the Syrian and Palestinian lobby to use the financial lever to modify Egypt's political direction.

AGENCIES add from Tel Aviv: Israeli and Egyptian negotiators will meet in Sinai on October 22 to set the machinery in motion for Israel's pull-out from 2,000 square miles of the desert under the interim peace pact, the military command said Sunday.

● The influential newspaper Haaretz reported to-day that senior U.S. officials were pressing Israel to make detailed proposals for a new peace agreement with Syria. The newspaper's diplomatic correspondent said the officials wanted Israel to prepare proposals before Syria considers the renewal of the UN emergency force mandate on the Golan Heights next month.

● U.S. Secretary of State Dr. Henry Kissinger to-day defended the Sinai accord and denied that it would increase U.S. aid to Israel. He said that Israel's request for $2.6m. in aid was covered by the $3m. aid package approved by Congress last year.

Sra. Peron 'to resume power'

BUENOS AIRES, Oct. 12.

ARGENTINE President Maria Estela Peron is preparing to reassume the leadership of a country torn by guerilla violence, which in some areas has reached the proportions of a civil war.

A spokesman for the interim President, Sr. Italo Luder, who took over when Sra. Peron left for a rest cure in the Cordoba hills a month ago, said she would resume power next week and speak at a Peronist "Loyalty Day" rally on Friday.

The official statement—ending weeks of speculation on the future of the 44-year-old widow—coincided with an Army announcement that 13 Left-wing guerillas and an Army sergeant were killed yesterday in a clash in Tucuman province, about 1,000 miles north of Buenos Aires.

Reuter

Rockefeller calls for Congress to aid N. York

By Guy de Jonquieres

NEW YORK, Oct. 12.

VICE-PRESIDENT Nelson Rockefeller has pleased but puzzled New York City leaders by calling for swift federal action to help the city solve its financial problems.

In a speech yesterday evening Mr. Rockefeller said that it was "crucial" that the Congress enact assistance for the city as soon as New York has completed work on a new plan to eliminate its chronic budget deficit by 1978.

The Vice-President did not propose any specific Congressional legislation. But he said that steps must be taken to ensure that the city's finances are shored up while it struggles to regain budgetary equilibrium.

The Vice-President's remarks have raised fresh hopes here that the Ford administration may now have softened its obdurate refusal to sponsor any federal aid to the city.

But the speech has also given rise to some mystification. It is not known whether it reflects a genuine shift of attitude by the White House, or whether Mr. Rockefeller has chosen to adopt a maverick role, breaking with the position held by the rest of the administration.

Only four days ago Mr. Ford reiterated his opposition to helping New York, telling a Press conference that if the city could put its own fiscal affairs in order, he saw no need for the federal government to become involved.

At the same time, however, the President stopped short of threatening to veto any legislation approved by the Congress where proposals to aid New York appear to be gaining wider support.

One possible explanation of the Vice-President's move is that he is seeking to deflect some of the blame that would fall on him, as a former governor of New York State, if the city defaulted on its obligations.

U.S.-Russian oil deal 'in trouble'

By Adrian Dicks

WASHINGTON, Oct. 12.

THE FORD administration's efforts to reach agreement with the Soviet Union for long-term oil purchases, at the same time as the two countries are close to concluding a pact on grain, appears to have run into resistance from the Soviet side.

According to the New York Times this morning, Moscow has refused to countenance American proposals to buy Soviet oil at a price significantly lower than that set by the Organisation of Petroleum Exporting Countries (OPEC). The Russians are reported to feel that agreement to give the U.S. a discount would appear to put them in a position of weakness, as well as undercutting their efforts to rebuild support in the Arab world.

The administration, however, has been hoping that it might be able to achieve several important goals by linking an agreement on grain to one on oil. It would, most importantly, have been able to answer domestic critics of detente by simultaneously protecting consumers from the wild grain price fluctuations associated with Soviet purchases, and also adding to oil supplies from a non-OPEC source.

It is also no secret that Dr. Henry Kissinger, the Secretary of State, has been hoping that by getting the Russians to sell their oil below the OPEC price, the U.S. might have been able to claim an important psychological victory against the cartel at a time when it is believed here to be under great internal strain.

● Soviet Minister of Agriculture, Dmitry Polyawsky, has publicly acknowledged that the Soviet Union's drought-hit grain harvest will be below target this year, Reuter reports. He told a farmers rally that "unusual weather conditions" had inevitably been reflected in agricultural production.

Soviet Union retracts its Berlin summit demand

BY LESLIE COLITT

BERLIN, Oct. 12.

THE SOVIET Union has reportedly dropped a key demand that led to a six-month delay in plans to hold a conference of European Communist Parties in East Berlin.

East European and Western Communists say a new draft for a final conference document was presented at a two-day meeting in East Berlin of 27 Communist Parties that ended on Friday. The draft, prepared by the East German allies of the Soviets, is said to leave out the previous Soviet call for a "joint action programme" of Communist Parties. This would have committed all parties to Moscow's continued ideological and political leadership of the Communist movement. Among those resisting such a proposal most vigorously have been the Yugoslav and Romanian parties in the East, and the Italian, Spanish and French parties in the West.

The new compromise paper was offered by Herr Hermann Axen, head of the East German party delegation. According to M. Jean Kanapa, who led the French Communist group in East Berlin, it will be presented to the drafting committee which is to meet in East Berlin next month. A number of passages must still be discussed before the final document can be completed.

In remarks made to Western correspondents before his departure from East Berlin, M. Kanapa said the new draft version is limited only to questions of peace, security and co-operation in Europe, as expressed in the Helsinki agreements. The independence of individual parties in choosing and carrying out their policies is also underlined.

This was the sole political platform all the attending Communist Parties could agree on, a point he said was regretted by the French Communist Party. He noted there would be no reference in this draft of the final document either to class struggle in the West or to alliances between Communists and other parties. The internal problems of Communist-ruled countries would also be excluded from the document if it is accepted next month.

M. Kanapa said the role of the Chinese Communists was excluded from the discussions in East Berlin, as was the situation in Portugal. The Soviets have been in a quandary over the official position Communist Parties are to take on the role of the Portuguese Communists. They now seem to have decided to abstain from backing either a revolutionary or a moderate course for parties such as the Portuguese or the Spanish, by remaining non-committal.

Spain delays new death trials

BY ROGER MATTHEWS

MADRID, Oct. 12.

THE SPANISH regime has eased back from the brink of further provoking European opinion by deciding against an immediate fresh round of military courts martial involving the death penalty.

This decision is understood to have been taken in tandem with the promotion of key hardline generals which should serve to placate extreme rightwingers demanding "justice" and an end to clemency.

For much of last week, the Government were searching for a formula that would check the recent spiral of violence while offering guarantees that the regime was not weakening in its resolve to defeat terrorism.

Thus immediately after the announcement that Gen. Angel Campano was taking control of the paramilitary Guardia Civil, it became known that 15 alleged members of the Basque separatist organisation, ETA, were going to be tried by the civilian Public Order Tribunal and not by the military.

Only one of the 16 recently arrested in Madrid remains under military jurisdiction and he will be tried by a court martial process that permits the right of appeal. Two recent courts martial, held under the six-week-old anti-terrorism law, did not allow appeals against death sentence.

The annual celebrations to mark the Guardia Civil's patron saint's day were cancelled this week-end in a further effort to forestall demonstrations by the extreme Right.

But astute political commentator, Luis Apostua, wrote in to-day's Madrid newspaper, Ya, that Friday's top military changes should be seen as an echo of the shouts of "Army to power" heard during recent funerals of murdered policemen.

Meanwhile the Madrid correspondent of the Chicago Daily News was told yesterday to leave the country within five days. The police would only say that the order was made for "personal reasons."

For the past week rumours had been circulating that the Government intended to make an example of a member of the foreign Press corps following reporting of recent events.

Soares condemns call for exclusion of Communists

BY JANE BERGEROL

LISBON, Oct. 12.

PORTUGAL'S Socialist Party has condemned the Popular Democrat's call for exclusion of the Communist Party—the third largest party in the April elections—from the Sixth Provisional Government.

Whether the party of Dr. Mario Soares is preparing to reply favourably to the Communist call for a round table debate on the political future between itself, Socialists, what it terms "revolutionary parties" and the "tendencies within the Armed Forces Movement" is still an unanswered question, but the divisions within the Sixth Cabinet between Communists and Popular Democrats appear to be reaching a point of no return.

The crisis was inevitable once the Popular Democrats had succeeded in reducing the Communist participation at Ministerial level to one portfolio according to radical Left sources.

Meanwhile, the past 24 hours have seen a return to law and order in the troubled northern city of Oporto, although around 3,000 Communist and extreme Leftists continue to surround the mutineering artillery regiment on the outskirts of the town, in a concerted attempt to prove support for the mutineers and make any disciplinary action on the part of the northern military commander, Brigadier Pires Veloso, virtually impossible.

One measure which has now been publicly announced, to stiffen the disciplined forces at the Government's disposal for riot control, is recruitment of ex-servicemen — "former Commandos," according to a Socialist source—for either the police force or the new security intervention force AMI.

Signs that the armed forces leadership is preparing a strong stand for discipline amongst its rank and file multiplied with persistent reports that Brigadier Franco Charais, currently regional commander for Central Portugal, and a member of the Group of Nine Officers led by the Foreign Minister, Major Melo Antunes, is to be promoted to Chief of Staff of the United Services—the post from which pro-Communist General Vasco Goncalves was excluded by a majority vote against him in the last Armed Forces General Assembly

● Portugal's new Prime Minister, Admiral Pinheiro de Azevedo, fears his administration might not last long, according to an interview with Time magazine. "It is too early to say how long my Government will last," he said. "In my opinion it is not now going in a good direction."

Giscard's man ahead in poll

By Rupert Cornwell

PARIS, Oct. 12.

M. PIERRE ABELIN, Minister of Overseas Co-operation, was to-night heading towards a first round victory in a key French by-election, which has been heralded as an important indication of the political landscape of the country 17 months after President Giscard d'Estaing took power.

With 6,000 votes counted in his constituency of Vienne, M. Abelin was comfortably ahead of his Socialist, Communist and Independent rivals with some 56 per cent. of the poll.

Should he be successful, the result would be a useful boost for the Government

Gains for Turkish Opposition

BY METIN MUNIR

ANKARA, Oct. 13.

THE TURKISH opposition leader Mr. Bulent Ecevit, appeared to be making big gains early to-day after partial elections for the senate, regarded as an indicator of Turkey's ability to solve its pressing domestic and international problems.

But with only about 15 per cent. of the 30,000 ballot boxes counted, it was too early to say whether this trend would continue.

Unofficial predictions based on early returns boosted Mr. Ecevit's share of the 54 senate seats up for renewal from eight to around 25, while Premier Suleyman Demirel's Justice Party appeared to have lost a handful of its 32 contested seats.

If the predictions are borne out, Mr. Demirel will nonetheless be able to claim gains because his share of the vote will be higher than the 29 per cent. he scored at the last general elections.

The most noticeable victims of the poll appeared to be small Right-wing parties, who lost heavily as the vote split almost equally between Turkey's two political giants—Mr. Demirel and Mr. Ecevit.

The final results are unlikely to affect the power balance in the 600-seat bicameral legislature because too few seats are at stake.

There was political fighting during the week-end in which one man was killed. Police tried to stop supporters of Bulent Ecevit from marching on Ankara city centre last night after a mass rally. Apart from the dead man, at least 30 people were hurt and 170 arrested during the clashes, in which police used pistols and tear gas. It was the worst episode of political violence for two years

At stake are 54 seats from the Senate, which has 150 elected seats, partly renewed in elections every five years, and six vacant seats from the 450-member ruling National Assembly.

The Mathematical outcome of the election cannot change Parliament's basic balance of power on which Demirel's four-party coalition is based.

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..w bid to-day to liquidate ..T Wolverhampton plant

..ER CARTWRIGHT, MIDLANDS CORRESPONDENT

Vililers Triumph, the ..ed motor cycle manu- ..o-day entered a crucial ..hich could determine .. of the British motor ..istry.

..lready put its Wolver- .. operation making ..ommandos and indus- ..oes into the hands of ..l Receiver and will to- ..eking to complete the ..n process.

.. now, the provisional .. has been unable to do ..ore than guard the ..His successor will be .. get assembly lines ..gain. It is believed .. sufficient stocks to .. production of Com- ..or some months.

..r, the 1,000 former ..s who are still occupy- ..ctory will first have to ..ded to co-operate.

..ant to get the factory ..in but not to put money ..'s pockets," Mr. Jack .. senior action commit- ..ber, stated.

NVT's co-operation would be needed if the action committee is able to persuade the Government to help finance a new model, the Wulf, which has an engine of radically new conception designed by two former NVT employees and discarded by the company. A lightweight version is also planned.

Next week, the action committee will also be presenting plans for the future of the plant to Mr. John Gilbert, Transport Minister, and local MPs.

These plans could be extremely relevant if NVT succumbs to a winding-up petition over an unpaid bill of about £27,000 for packing cases. This is to be heard in London next Monday.

The petition threatens NVT's other motor cycle factory at Small Heath, Birmingham, making Triumph Tridents. Progressive redudancies have already drawn the labour force down by some 500 to about 1,000 and are expected to continue into December. If the petition is succesful, it would almost certainly mean closing Small Heath.

This, in turn, would react on the Meriden Motor Cycle Co-operation, near Coventry, which now operates a factory which NVT tried to close as part of its Government-backed plan to re-establish a healthy motor cycle industry.

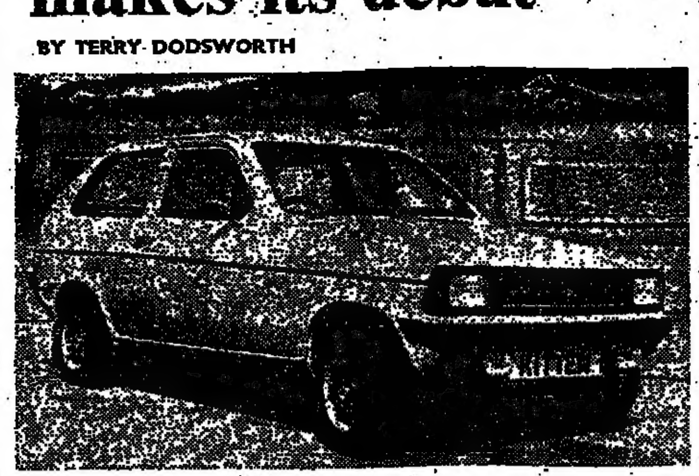
NVT is contracted to sell Meriden's output of Bonnevilles for the first two years. But the collapse of demand in its biggest market, the U.S., and Government refusal to renew a £4m. export credit facility — described by Mr. Dennis Poore, NVT chairman, as a "withdrawal of £4m. of working capital" — has left it extremely short of cash.

"The conditions attached by the Export Credit Guarantee Department in its 20-page document are impractical," Mr. Hugh Palin, NVT's external affairs director, pointed out.

"The Department is apparently expecting to be notified of every single sale in the 50 American States."

The Reliant Kitten makes its debut

BY TERRY DODSWORTH



A NEW competitor in the ranks of small, economical family saloons emerges to-day from Reliant, the Tamworth manufacturer of the three-wheel Robin and the Scimitar sports saloon.

The new car—a four-wheeler called the Kitten—derives its basic design from the Robin, along with its light alloy engine, which is upgraded to a capacity of 850cc.—the first British car of less than 1,000cc. for more than a decade.

The body shell, as in the other Reliant models, is in glass fibre, a lighter form of construction than sheet metal, and one which Reliant claims will give the car great economy. Top speed is 80 mph.

The Kitten will go on sale in November after being unveiled at the Earls Court Motor Show on Wednesday. The saloon version is priced at £1,499, and the estate of £1,574.

New fascia design and major changes in suspension and steering are the main points in a revamp. of the British Leyland Marina range launched to-day.

The changes are part of the product improvement policy started under the group's previous managing director, Mr. John Barber, and include two new 1.8 special models offering a higher level of trim.

The major mechanical change is the adoption of front and rear anti-roll bars to improve suspension right across the range.

Since it was launched as the first all-new car produced by British Leyland in spring 1971, sales of the Marina, predominantly sold to the fleet market, have topped the half million mark. This year it is fourth in the sales league behind the Ford Cortina and Escort and the BL Mini.

Public spending cut of £2.8bn. "needed to beat inflation"

BY MICHAEL BLANDEN

A CUT of at least £2.8bn. in public spending is required now to avoid a renewed sharp increase in the money supply which will threaten the Government's policies for reducing inflation, it is argued in the latest economic forecast by stockbrokers, Phillips and Drew.

The brokers recognise that the impact of such cuts on the immediate economic outlook makes it unlikely the Government will undertake a reduction of its spending on this scale.

But without the cuts, "there is a distinct danger that the Government's medium-term counter-inflation strategy will be wrecked."

These comments come at a time when it has been tacitly acknowledged that the public sector borrowing requirement during the current fiscal year is likely substantially to exceed the forecast £9bn.

The brokers show that on their projections, the public sector financial deficit will rise to levels the Government will be unable to finance without calling heavily on short-term bank funds and swelling the money supply.

A public-sector deficit of the size they expect in 1976 "will be inconsistent with a rate of growth in the money supply of 10 per cent. (the current rate of increase) unless other sectors are starved of funds."

On these forecasts, the rate of growth of money supply on the wider definition (M3) could double to around 20 per cent. by the end of next year.

This would be well in excess of the single-figure target for inflation set by the Chancellor of the Exchequer for the same period.

It would rekindle inflationary fears in the securities market, the foreign exchanges and the country at large, making the Government's task of cutting inflation much more difficult.

The comment foresees, however, that the Government will not be prepared to undertake the heavy cuts in public spending which the brokers regard as necessary.

It therefore argues that the present level of the public sector deficit will pose a real threat to the control of inflation.

Concern over the prospect of a renewed burst of expansion in the money supply has already been reflected in the Bank of England's recent policy, particularly in the move to lift its own minimum lending rate from 11 to 12 per cent.

This was undertaken partly to help support the pound but also partly in anticipation of an increased money supply.

With private sector demand for bank borrowing, particularly from industry, very depressed this year, the Bank has so far been able to hold the growth of money supply to levels comfortably below the present year-on-year rate of price inflation.

The banking system is highly liquid at present and the Government has been able to tap this source to help finance its own deficit through recent large issues of Treasury bills.

..dustrialist urges better deal ..r wealth earners

..CHOLAS LESLIE

..REPRESENTATION in ..l for "the people who ..e wealth for Britain" ..n. called for by Mr. ..Bamford, chairman of ..amford Excavators, the ..earth-moving equipment .. of which he is the

..amford made his appeal ..opening of JCB's new ..premises in France, a ..y which was attended .. Michael Heseltine, ..." spokesman for Trade. .. honestly feel that in ..l they appreciate what ..d like to do," he said.

Bamford's new premises at Sarcelles, near Paris, supercede its Gonesse headquarters, cover nearly 10,000 square feet and carry £500,000 of spare parts. They form the base for servicing the French market, and Algeria and Morocco.

A French subsidiary, JCB France SA, was set up in 1972 after sales had fallen in the three previous years under an agents system. As a result, sales of its Three C excavator loader between 1971 and 1975 have risen from £800,000 to a forecast £9m. a year. From being fourth or fifth in the excavator loader market three years ago the company now claims first place.

Until nuow, JCB has been selling only its Three C range of machines—the cornerstone of the group's growth into a £40m. sales a year company—but the opening of the new premises marked the introduction of the company's heavy range of equipment to the French market comprising crawler excavators, crawler loaders and articulated wheel loading shovels. With the crawler excavator, JCB moves into direct competition with the major French earth-moving equipment company, Poclain.

R-R renames engines group

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE (1971) is changing the name of its Small Engine Division at Leavesden, Hertfordshire, to the Helicopter Engine Group, with management vested in the company's Derby Engine Division.

Dr. David Mitchell, the managing director of the Small Engine Division, is joining the Board of the Derby Engine Division.

One of the main reasons for the change, which will have no effect on employment at Leavesden, is that the Small Engine Division is now embarking upon quantity production of the Gem helicopter engine, primarily for the Westland Lynx helicopter, to meet orders worth more than £60m.

Fear of deterioration in this week's foreign trade figures

BY MICHAEL BLANDEN

BRITAIN'S EXTERNAL trade position will be the main feature of the economic news due this week, with the possibility of further indications that the favourable performance in the first half of this year will not continue.

The last figures, for August, confirmed the cautionary predictions from official sources recently such as the Bank of England, with a sharp drop in exports increasing the trade deficit to its highest level this year.

This followed a period when the domestic economic recession, coupled with the exceptionally high level of de-stocking in industry, had contributed to a sharp improvement in the external position.

At the same time, there will be further indications of the outlook for price inflation, after recent signs of greater official caution over the prospects for cutting the rate of inflation to levels of 10 per cent. a year or so.

On Friday, the retail price index for September will show the latest information on the trend of inflation, following the signs last month that the rate of increase had slackened significantly. It is recognised that for the next few months the level of prices compared with a year ago will show increases at rates well above those implied by the current wage restraints, underlining the drop in living standards required in the short-term by present policies.

Prices will continue for some months to reflect the impact of past wage awards, as well as the recent indications of a renewed rise in the cost of industry's raw materials.

The drop in the value of sterling against other currencies, particularly the dollar, has contributed to a new upsurge in the cost of industry's raw materials and fuel, which rose 3½ per cent. in August. The September figures are due to be published by the Department of Industry to-day.

..uliers plea for higher charges

..CIAL TIMES REPORTER

..A that road hauliers ..e able to charge more ..ices for their ser- ..n made by the vice- ..of the Road Hauliers ..on, Mr. John Silberman. .. Government allowed ..uliers to go under, it ..o so at its peril, accord- ..Mr. Silberman, who was .. at Hull to the annual ..ce of the Institute of ..dministration.

..aimed that in recent ..new vehicle prices had ..fted by about 100 per ..y "frightful inflation," ..e prices were up by well over 50 per cent. and wages in many instances had increased by more than 100 per cent.

The carrier needed the right price for his service now or he would be driven into financial difficulty, possibly resulting in bankruptcy, Mr. Silberman declared.

One way in which road hauliers could be helped, said Mr. Silberman, who is also managing director of the Brent Group of Harrow, was for customers who ran their own vehicles to take a hard look at the economic justification for so doing.

"Given true and critical introspection by trade and industry which operates own account vehicles, we could see a substantial reduction in unwarranted operations to the benefit of the community, trader and haulier alike," Mr. Silberman said.

Mr. Silberman concluded: "The simple truth has to be faced that the lorry is needed; that its types, sizes, and numbers can be controlled to provide the least costly and offensive transport structure; and that this, at the end of the day, has to be financed by investors who can see in it a fair and safe return.

..ll rate for Christmas mail

..AY DAFTER

..ST OFFICE is standing ..ecision to charge the full ..rate for Christmas mail ..growing pressure for a .. rate.

..National Consumer Pro- ..Council yesterday urged .. to boycott the Post ..at Christmas rather than ..a full rate. Mr. Gwilym .. Labour M.P. for ..k, told the Post Office to .. Father Christmas, not ..."

..Roberts has written to the ..fice chairman, Sir William .., urging him to announce a 5p card rate. These might be posted within a specified period ending at least two weeks before Christmas Day, he suggested. "A goodwill gesture of this kind would put the Post Office in a new glow of light."

But a Post Office spokesman said the suggestion had been examined and discounted. The revenue obtained from handling mere cards at a cheaper rate would be more than offset by the costs of additional accommodation, transport and staff.

"Regrettably, we have not been able to find any way of providing a concessionary rate which would not lose us money, and this loss would have to be recouped in some other way."

The National Consumer Protection Council is urging MPs to ask for a 5p Christmas card rate. It also wants to know why churches, Boy Scouts and other organisations could not raise money by delivering letters.

Furthermore, it is asking MPs to see if the Post Office could save money by cutting out its pop record and cricket score services.

The Executive's World : The Office

EDITED BY JAMES ENSOR

The world of the English pub

BY ROY LEVINE

A drawing of the Suntory Pub, part of The Tudor Inn, in Tokyo.

ENGLISH ARCHITECTURE is becoming a booming export business. The English Pub, already part of the country's folklore, has become part of the pop art of Europe and the U.S. Now period architecture, especially of the Elizabethan and Tudor periods, is fast catching up.

The U.K. breweries, particularly Whitbread and Bass Charrington, have been busy over the past few years building English pubs across Europe—the novel decor helps to sell their beer. Berni Inns, part of the Grand Metropolitan group, has built a chain of restaurants in Japan modelled in "Ye Olde English" tradition. Mr. John Bloom (of Rolls Razor fame) has been active in building an "English" restaurant chain in the U.S. So the cult is becoming international.

Fans of the English pub can visit "The Churchill" in Strasbourg, "The Champions" in Amsterdam," "The London Tavern" in Malmo, Sweden, among others, and feel as if they have never set foot from home.

One small London company that is benefiting from the burgeoning fashion is the old firm of H. Bradford and Sons, builders since 1842. Its managing director, Mr. Norman Fairman, who joined in 1955, has formed a new subsidiary called Authentic Interiors which has a growing export business building pubs on the Continent, Elizabethan restaurants in Japan and mock castles in America, housing a maze of restaurants.

"Most of our clients have beaten their anticipated returns," says Mr. Fairman. Although English period architecture may be a passing fad, its novelty is enough to attract patrons away from their normal eating places.

In Columbus, Ohio, a conference town with a year-round season, "The Wine Cellar," a mock Tudor pub and restaurant complex designed by Authentic Interiors is new attracting more people than the famed Kahiki Club, a Polynesian eating house *which has become a landmark* in the state. The owner of the Kahiki Clubs, Mr. Lee Henry, toured Europe looking for a new idea and settled with the Tudor design. It took $2½m. and eight months to build "The Wine Cellar" and Mr. Fairman's company got £40,000 for designing the interiors and supplying some of the displays.

Like many of the other constructions that Authentic Interiors has helped to build, "The Wine Cellar" is not only a restaurant. The reception area is a vast Knights Hall with knights in armour, swords, lancers and other gadgetry hanging on the walls. Downstairs there is a Cockney Pub, Black Swan Bar, Cheese Shop and Wine Shop.

The company has also designed and supplied interiors for a wine cellar and Cheshire Cheese Bar for the Sheraton Hotel in Philadelphia; and a Guild Hall, Cromwell Room and Armoury Wine Cellar at the Park Lane Manor House in *Buffalo, New York State.*

But its really big American contract has just started—the design of a chain of 50 resturants in Peoria, Illinois. This is known as the "Drawbridge Project" because each restaurant will be modelled on a mock draw-bridge which is raised and lowered when opening and closing the restaurant.

The design is a combination of facets from three of Britain's famous castles—Carisbrooke, Warwick and Berkeley. The actual materials used for the mock interiors are made of either plaster or Glass Reinforced Polyester (GRP) including the stonework and timber. With recent improvements in techniques for moulding GRP, it has become easy to reproduce at reasonable costs the grain of timber, fissure of stone and polish of metal to such a fine degree that it is very difficult to tell the real from the fake. As a result, many of Britain's genuine historical monuments are to-day being restored with *GRP, too.*

The Drawbridge restaurants are centred around the period of King Arthur and includes Sir Lancelot's Winery, Sir Gallahad's Refectory and Merlin's Roost.

According to Mr. Laurie Kirtland, one of the designers, the decor has been modified because an exact replica would have given "such a drab decoration as to be unacceptable."

The Japanese market is still untapped despite the activities of Berni Inns, according to Mr. Fairman. His biggest success there has been the building of "The Tudor Inn" in the Ginza district of Tokyo complete with a Tudor Wine Cellar, Elizabeth Lounge, Cherry Tree Inn and Tudor Keep Bottle Store.

The ceiling consists of a GRP beam moulded from 14th Century oak beams, reclaimed from decayed period buildings. But the fireplace is less of an artifact and is built with hand-made bricks using the 500-year-old formula of sand and clay. The fireback, grate and kettle are genuine antiques.

Authentic Interiors was given a three-week deadline to complete the first part of the project, with the Japanese anxious to bring patrons into the building that was costing over £1,000 a week in rent. "We were careful to fulfil every obligation exactly on time," recalls Mr. Fairman. "They appreciated our promptness."

The first container of ceiling materials was air freighted to arrive on time. But there was more than adequate profits on the contract worth £62,500 to the company, plus travelling expenses.

Now, in a mock Tudor ambience, Japanese diners can munch moulded chicken liver Tudor Inn Style for only Y680 (about £1) at the behest of the owners, the giant Suntory group (famous for Japanese whiskey).

Most of the equipment for overseas contracts is built at the "factory" in an open field in Suffolk. Of the total staff of 65, over 20 are joiners. The design work is shared with Mr. Alex Waugh who has had 20 years' experience of designing stage sets in the U.K. and film sets in Hollywood for MGM, and Mr. Richard Harris one of the directors whose life-long hobby has been the history of English and European architecture.

The annual turnover of the company is about £¾m. but this includes pub building in the U.K. like *the Sir Christopher* Wren at St. Paul's Cathedral in London and restoration work at The Prospect of Whitby, the famous Thames-side pub at Wapping.

Authentic Interiors also does domestic work. "It's become more popular now, with people clinging to the past," notes Mr. Fairman. But period interiors have not yet become a part of office design, as it has in the U.S. There, period design has become part of the new vogue for contour planning, the ideal antidote to the square office.

Mr. Fairman is hopeful that the trend will start in the U.K. Given the trend towards more employee participation in management, it is quite credible to sit the chairman in a £850 King Arthur chair made of new English oak in front of his round Boardroom table.

ABF saves £½m.

By Peter Cartwright, Midlands Correspondent

THE DRIVE to save energy should not be confused with saving energy costs. All the same, when it occurs it can be a very pleasant experience, as Associated British Foods has found in contemplating around £500,000 cuts in its collective electricity bill of £3.5m. for 2,500 shops in the Allied Bakeries subsidiary.

About a third of this saving is accounted for just by changing to a different tariff. An instance of the benefits is the bill of £1515.22p for 515,000 units on block I against £917.16p on maximum demand tariff. Admittedly the Electricity Board in whose area most of the savings are now being made was at fault in not recommending the most economical tariff originally, but it has nevertheless done a small service in causing ABF to scrutinise tariff differences more closely to see whether savings can be made by changing. The maximum demand tariff has in general kept pace with inflation, while block tariffs, since Mr. Denis Healey's dictum that public corporations should pay their way, have been shooting up. In at least one area it has paid ABF to change from block to maximum demand tariff.

Another £100,000 or so is being saved by planned lighting maintenance. In an average year the 2,500 shops need some 50,000 fluorescent tubes replacing, which in the past has been done when they blacked out. In some areas this cost up to £5 a tube against a current planned maintenance cost of 27p a tube. The scheme is operated by contractors who every two years replace all the tubes in a shop (tubes have a rated life of 7,500 hours against about 3,000 hours use a year).

Allied Bakeries has found that regular replacement enables them to take out some tubes in existing shops (and curtail numbers in new shops) while at least maintaining adequate illumination. "We estimate that we are getting 50 per cent. more light per KW of electricity and we get this replacement service for less than the recommended retail price of the tubes," Mr. Frank Pender, director of ABF's Purchasing Organisation, declared.

Other substantial savings have been achieved by moving from local to central purchasing of replacement catering equipment like electric rings insulation jackets and so on.

EXECUTIVE HEALTH

Causes of food poisoning

BY DR. DAVID CARRICK

A "grateful" patient presented the chef with 50 duck eggs

IF ONE devised a medical calendar showing which disorders appeared most regularly, surely the most consistent offender, winter or summer, would be "*food-poisoning.*" Any general practitioner of more than one week's experience must have heard the understandably banal observation: "I think it was something I ate, doctor," with the quaint addendum: "I suppose it didn't agree with me."

Apart from chemical poisons and dishes made from fungi like the bulky "death-cap" toadstools, or serious diseases such as typhoid and cholera which, mercifully, are rare in this country, one is left with two groups of enemies. In their mode of action and speed of attack they are very different. They could be compared with the bespoke garment and the ready-made, for the customer has to wait for the former to be made; but the latter can transform him rapidly.

Of the first group, two varieties of dysentery, Sonne and Flexner, due to bacilli, were the scourge of institutions, particularly in the 19th century, owing to their highly contagious nature. Contaminated foods and direct contact spread the disease. Although still common, particularly in schools and such-like communities, it has been tamed by modern drugs. In 1965, of 26,183 cases, there were only 26 deaths; but 40 years before, of a mere 345 cases, no fewer than 135 died.

Recently there were reports *of deaths of newly-born infants* in a hospital, the cause being (according to the radio) a "virus" called Salmonella. In fact the organism, discovered by the American Dr. D. E. Salmon in the late Nineteenth Century, is a bacterium infinitely larger and, happily, easier to treat than a virus. This organism, which may come from a human carrier or from rodents or other creatures, is happiest when settled cosily in rich media such as cooked meats and other pre-prepared or re-heated foods left unprotected.

Places where catering is done on a large scale, such as hotels and restaurants, are happy hunting grounds. But guests who partake of "salmonella sandwiches" are soon very unhappy, as 85 of 140 members of a "keepfit" congress discovered during a conference last spring.

Within 24 hours of contracting the bacterium, victims suffer from fever, headache, abdominal pain, diarrhoea and vomiting. Happily, the condition is not long-lasting if treated with medically prescribed chemotherapy, rest and, perhaps most important of all, plentiful fluids, preferably fruit juices, to prevent dehydration.

I well recall one bad outbreak at the hospital where I was trained. A "grateful" patient presented the chef with 50 duck eggs (notorious as sources of Salmonella) and the silly fellow used them all in a giant Queen of Puddings for the nurses. Apart from one tough old sister, I think every nurse was bed-borne and we had to do their work which was unfortunate for the patients.

Of the second group of food-poisoners, the most common is due to the *staphylococcus aureus*, a bacterium which is usually engaging itself making boils. Part of its weaponry *consists of a poison which, if* transmitted to food from a careless handler with a boil or similar lesion, causes a violent upheaval similar to that described above. This develops within six hours because, whereas the organisms mentioned have to make their pois[...] poison is pre-packaged.

Although rarely fata[l ...]ing is considerable, an[d ...] often wondered how ma[ny ...] cent souls were despa[tched by] assassins in mediaeva[l ...] when political poisonin[g ...] popular, whilst the real [...] were making microscop[...]ment in a courtier's ca[...]

Finally, I must men[tion ...] individual cases of "foo[d-poison]ing" where allergies, [idiosyn]crasies and completely [...] causes are at work. T[...] is as for known cau[ses ...] sympathy rather than s[...]ments from the fortuna[te ...] helpful.

DIY printi[ng]

BUSINESSMEN CON[...] with in-house printi[ng ...] be going along to [...] West Centre Hotel [...] November 4-7 to v[...] Reproduction Worksh[op ...] take part in the s[...] informal discussions t[...] up the conference [...] subject.

Over 40 exhibitors [...] showing their wares an[d ...] new machines are [...] launched. There will b[e ...] 13 different makes of [...]set printing units to a[...] the composition equip[ment ...] be displayed includ[ing com]puters. The discussio[n ...] will be led by expe[rts ...] industry.

هكذا من الأصل

HOME NEWS

urrys to sell bikes again

ITHUR SANDLES

, the High Street retailer, which last orted pre-tax profits of or 1974-75, is preparing er the bicycle market. it by the domestic downturn in recent the group is eager to

decision is made to go this one buoyant area mer purchasing, Currys, ithdrew from the bike years ago, is unlikely n at the deep-end. Mr. Curry, chairman of says that the bikes e sold in a selected number of the group's 413 outlets.

One of Currys recent major product line extensions, into cameras, was not successful, and the group is taking a cautious view of other projects.

At the moment, Currys' sales figures are only slightly ahead of last year in cash terms, while unit disposals are down by 30 per cent.

The two other areas which are tempting the company are electronic watches, a market which shows signs of matching the growth of electronic calculators (which Currys sells already) and also second-hand goods.

Currys is one of the few retail groups which does a steady business in second-hand appliances. "But we have tended to slip out of it in recent years," Mr. Curry said.

Now, the rapid rise in the price of new goods has made second-hand items attractive again. It may be possible to buy a four-year-old refrigerator, which originally sold for £40, for £20 and, after some refurbishing, sell it for £35.

In May, after the Budget, sales dipped to only 10 per cent. of May 1974 levels. Now things are a bit better, but the *group* is tending to look around for means of expansion.

larks buys French shoe shops

IYS DAVID

, the shoe manufac- d retailer, *is to make its* ve into the EEC with uisition of an 80 per ake in a French shoe ain, France Arno.

The stake is being acquired *from the joint owners*, Rehault of France and Genesco Apparel of the U.S., for an undisclosed sum. Approval has already been given by the respective Governments and by the Treasury.

The purchase gives Clarks, which has 300 outlets in the U.K., trading under such names as Peter Lord and Ravel, 48 shops in Paris and other leading French cities, selling mainly *women's shoes*.

Mr. Jan Clark, managing director of C. & J. Clark Retail, said the company had been looking at opportunities in the EEC for some time and decided that *France offered the best potential*. The France Arno acquisition offered scope for further investment and expansion, and opportunities for the export of footwear from Britain.

ug sales in Britain pected to reach £538m.

AY DAFTER

. market for pharmaceu- is year is expected to £538.7m. — the seventh in the world—according w survey of the world idustry.

wide pharmaceutical ould reach $40bn. (about) of which some 16 per going to the U.S., by far ader among national

is the second market, at $4.75bn., followed by West Germany at $3.36bn., reports IMS International in its World Drug Manual, 1975-76.

South America emerged as an increasingly important market with Brazil, Mexico and Argentina being listed in eighth, ninth and tenth positions, respectively. In spite of its huge population, *India* ranks number *12* in world markets with $510m. sales estimated for 1975.

TOP TWENTY DRUGS MARKETS
(Excluding Communist countries)

	$m.		$m.
.	6,500	11 Canada	515
an	4,750	12 India	510
st Germany	3,364	13 Belgium	472
nce	2,750	14 Australia	390
y	1,950	15 Netherlands	373
in	1,200	16 Sweden	310
.	1,100	17 Switzerland	300
zil	1,100	18 South Africa	300
xico	815	19 Venezuela	230
gentina	690	20 Austria	200

(Source: IMS International)

rsey expertise for sale

NCIAL TIMES REPORTER

MERSEY Docks and r Company is hoping terest the Port of n in Texas in buying mputer-controlled cargo ring system.

ralian National Lines the German port of haven are already the system.

ston's general manager P. Leach heads a team officials who this morn- art a four-day study of omputer control system view to purchase. They end a day at the con- terminal in the £50m. Seaforth Dock where of the five berths is to the main computer suite five miles away in the company headquarters. Operators can produce on screen within seconds the exact location, contents and destination of any of 13,000 containers on the 62-acre park.

Jobs plan

A NINE-POINT programme to combat rising unemployment was adopted at a conference called by the Liverpool Trades Council in the city yesterday to analyse the problem with particular relation to Merseyside.

The conference decided to lobby Parliament on November 26 and present its programme.

More time plea for foreign doctors

By Lorelies Olslager

A NEWLY formed Overseas Doctors' Association demanded in London yesterday that foreign doctors should be given some time before having to undergo the examination required for a work permit.

Overseas doctors should have three months to familiarise themselves with the British way of life and the language before undergoing the "*Temporary Registration* Test," they said. At the moment, they had to take it almost on arrival.

Dr. Karim Aduani, a consultant from Sheffield, told the meeting that foreign doctors already qualified in their own country were "a ready-made cake to be exploited" by the NHS.

'Ban foreign sailors' plea

By Our South Shields Correspondent

SOUTH SHIELDS seamen are expected to demand on Monday that foreign sailors be taken off British ships. With jobs becoming *tight and more men than* ever on the "pool," they will be asking that foreign nationals—mainly Europeans and West Indians engaged in the boom times—be laid off.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Midlands Ideal Home Exhibition (cl. Oct. 18)	Bingley Hall, Birmingham
Current	Modern Homes Exhibition (cl. Oct. 18)	Kelvin Hall, Glasgow
To-day	Children's and Teenage Fashion Fair (cl. Oct. 16)	Hortic Halls, S.W.
Oct. 14—16	International Electronic and Prod. Equip. Exbn.	Metropole, Brighton
Oct. 15—25	International Motor Show	Earls Court
Oct. 19—21	Welsh Fair (spon. by Welsh Weavers' Association)	Llandrindod Wells
Oct. 20—25	Kensington Antiques Fair	Town Hall
Oct. 20—26	International Audio Festival and Fair	Olympia
Oct. 21—23	Highland Trade Fair	Aviemore Centre
Oct. 21—26	International Bakers' and Confectioners' Exbn.	Olympia
Oct. 22—24	Equipment for Schools Exhibition	New Hortic. Halls, S.W.
Oct. 22—25	London Fashion Fair International	103, Kensington High St., W.8
Oct. 26—29	Shopex '75—Self-Service Dis. Equip. Exhibition	Metropole, Brighton
Oct. 28—30	Lofashow—Leisure and Outdoor Furniture	Royal Lancaster Hotel, W.2
Oct. 28—30	Environmental Health Cong. and Exhibition	Eastbourne
Nov. 2—6	Intnl. Domestic and Contract Textiles Exbn.	Harrogate Exbn. Centre
Nov. 4—5	Fabrics from France Exhibition	Europa Hotel, W.1
Nov. 4—7	Careers for '76 Exhibition	Queen's Hall, Leeds
Nov. 6—16	International Caravan and Camping Show	Earls Court
Nov. 7—15	Scottish Motor Show	Kelvin Hall, Glasgow
Nov. 10—14	Automated Production Exhibition	Belle Vue, Manchester
Nov. 10—14	Electrical Engineering Exhibition	Belle Vue, Manchester
Nov. 11—22	Home Improvements and Leisuretime Exbn.	City Hall, Manchester
Nov. 12—21	Intnl. Building and Construction Exbn.	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Plastics & Rubber Trade (cl. Oct. 14)	Dusseldorf
Current	International Technical Exhibition (cl. Oct. 21)	Bucharest
Oct. 18—24	Engineering Exhibition and Seminar	Bahrain
Oct. 20—23	International *Pollution Engineering Exhibition*	Cleveland, Ohio
Oct. 20—24	Machine Tool and Production Eng. Exhibition	Johannesburg
Oct. 20—30	International Building Materials and Equip. Exbn.	Cairo
Oct. 21—24	Electronic Components and Instruments Exbn.	Helsinki
Oct. 21—23	National Packaging Exhibition	Toronto
Oct. 25—Nov. 9...	Basle Autumn Fair	Basle
Oct. 26—30	International Fashion Trade Fair	Dusseldorf
Oct. 27—31	Computers and Peripheral Equipment Exhibition	Munich
Oct. 27—Nov. 1 ..	Microtechnic Trade Fair	Zurich
Oct. 30—Nov. 11 .	*Do-It-Yourself Exhibition*	Paris
Oct. 31—Nov. 5 .	Intnl. Agriculture, Water and Food Fair	Tehran
Nov. 8—16	British Engineering and Tech. Exbn.	Hong Kong
Nov. 8—16	Intnl. Photo, Cinema and Optical Exbn.	Paris
Nov. 11—14	Educational Equipment Exhibition	Munich
Nov. 11—15	British Export Hand Tools Exbn.	Tokyo
Nov. 11—15	Intnl. Maritime Exhibition—EUROPORT	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

To-day	P-E Cons. Group Sales Management (cl. Oct. 17)	Egham, Surrey
Oct. 15	Guardian Business Services: Conciliation	Park Court Hotel, W.2
Oct. 15	Manchester Law Society: Business Law	Midland Hotel
Oct. 16	Henley Centre: Cost and *Price Inflation to 1980*	Carlton Tower, S.W.1
Oct. 20	W. H. Herdsman/BAPAS: Processing for Engineers	Charing Cross Hotel, W.C.2
Oct. 20—22	ORC (U.K.): Expatriate Pay Policies	Windsor Hotel, Brussels
Oct. 21	Fielden House: Sandilands Report	Manchester
Oct. 21	*IILP: Licensing—a Marketing Tool*	Queen Mary Coll. (Lon. Un.)
Oct. 21	Inst. Internal Auditors: Internal Auditing	South Bank Polytechnic, S.E.1
Oct. 21—23	Financial Times: Asian Business in 1976	Hong Kong
Oct. 22	Euro. Study Conf.: CTT Guidelines	Portman Hotel, W.1
Oct. 22—23	Frank Jefkins: Maximising Press Coverage	Connaught Rooms, W.C.2
Oct. 23	Lon. Ch. Com.: Equal Opportunity and Pay	69, Cannon Street, E.C.4
Oct. 27—28	Financial Times, Norwegian Chamber of Commerce and Shipping, Svenska Dagbladet, Berlinske Tidende and the Investors Chronicle: Second *World Pulp and Paper Industries Conference*	Helsinki
Oct. 27—29	Tack Org.: Balance Sheet Analysis	London, S.W.1
Oct. 28—30	Inst. Marketing: The Calculating Marketing Man	Moor Hall, Cookham, Berks
Oct. 28—30	Paintmakers Association: Powder for Profit	Sutton Coldfield
Oct. 30	RIIA: Dev. Prospects of Arab Gulf States	10 St. James's Sq., S.W.1
Oct. 30	Assn. Cert. Accnts.: Inflation after Sandilands	Café Royal, W.1
Oct. 30	Staniland Hall: Cons. Spending Forecasts	London Hilton, W.1
Oct. 31—Nov. 2 .	Inst. Metallurgists: Innovation Man. in Metallurgy	Grand Hotel, Bristol
Nov. 3—24	Urwick Man. Centre: Marketing Management	Slough, Bucks.
Nov. 4	*IPC Bus. Trng.: Resource Management To-day*	Royal Lancaster Hotel, W.2
Nov. 5—6	Financial Times and Institute of Chartered Accountants in England and Wales: Inflation Accounting—Implications of the Sandilands Report	London Hilton, W.1
Nov. 6	Inst. of Directors Annual Convention: Leadership	Royal Albert Hall, S.W.7
Nov. 10	CBMPE: North Sea 1976 Conference	Café Royal, W.1
Nov. 12	Inbucon/AIC: Relocation or Dislocation	Financial Times Cinema

COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
NOTICE TO SHIPPERS

FREIGHT RATES TO CANADA

[illegible]

CASSA PER IL MEZZOGIORNO
ROME (ITALY)

5¼% LOAN 1963/78

[illegible]

BANQUE LAMBERT-LUXEMBOURG S.A.
TRUSTEE

Luxembourg,
13th October 1975.

COURSES

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

LABOUR NEWS

Eastern trains disrupted

By Our Labour Staff

TRAIN SERVICES from London's Liverpool Street station to a number of destinations were severely disrupted yesterday as train drivers protested against the introduction of a new Sunday schedule in the Eastern Region.

The drivers claim that the new schedule as part of BR's economy drive on which it so far has failed to reach agreement with the unions.

The drivers' action is not backed by their union, the Associated Society of Locomotive Engineers and Firemen, but the general secretary, Mr. Ray Buckton, has stated that in his view BR must bear the full responsibility.

Services affected by the drivers' action yesterday were mainly trains from Liverpool Street to Southend, Norwich and Cambridge. There were also severe cuts in suburban services from Liverpool Street and passengers wanting to use the Harwich-Hoek van Holland ferry had to travel to Harwich by coach. Services are expected to run normally to-day.

Basnett urges 'start to industry planning'

BY OUR LABOUR STAFF

TRADE UNIONS want the Government to make a real start with industrial planning in Britain, Mr. David Basnett, general secretary of the General and Municipal Workers Union, declared over the week-end.

Addressing a GMWU meeting in Cardiff, Mr. Basnett made it clear the unions will be pressing hard on this front when the National Economic Development Council holds its meeting on the economy at Chequers on November 5.

He also outlined the shorter-term measures which the Trades Union Congress wants the Government to adopt to take the edge off the recession as its contribution towards the new social contract.

"We hope to see a rapid revival of public construction and housing, the planning of the temporary employment subsidies on a comprehensive basis, and the imposition of selective import controls," he declared.

The TUC economic committee has called for early controls on imports of motors, electrical components, television tubes, textiles, clothing and footwear.

In the longer run, the TUC wants the Government to link industrial planning and policy on imports in one comprehensive strategy.

Mr. Basnett said the Tory party conference in Blackpool last week had heard calls for greater inequality and the withdrawal of Government from industry.

But Britain's economic problems could only be solved "by greater and more equal involvement of workers in decision-making and by greater State intervention in industry to provide investment and jobs."

By accepting the £6-a-week pay policy, the unions had removed one of the problems confronting the Government. "There are other problems they still face, —on the public sector debt, on the balance of payments and on price inflation.

"But they are now in a position, and have the political will to carry out new measures, starting with Mr. Healey's unemployment package, that will bring investment and effective planning to our industries and hope and security to millions of workers."

Power station threat

By Our Labour Staff

THE ELECTRICITY *Council* is this week expected to tell the trade unions that a large number of power stations in England and Wales will have to be closed over the next few years with the loss of several thousand jobs.

This is because of the sharp fall in demand caused by the current recession, increased costs and the Government's energy conservation campaign. But the Central Electricity Generating Board is believed to argue that without speeded-up closures there will be over-capacity, even *if demand picks* up again.

The closure programme has been informally discussed with the unions for several months, and last week a spokesman for the Electricity Council stressed that consultations would continue even after the list of stations to be closed has been formally submitted to the unions on Thursday.

The council hoped to be able to cope with the loss of jobs involved through redeployment and natural wastage, and there were no plans for enforced redundancies.

But the unions are nevertheless alarmed at the situation, and are expected to bargain hard to keep the number of jobs lost to a minimum.

They are determined to resist speeded-up closures until they can be persuaded that the CEGB's forecasts are accurate. Union officials fear that as a result of the closure programme jobs in the contracting industry may also be in jeopardy.

In addition, the unions are expected to ask for a discussion of the CEGB's investment programme for new stations.

ASTMS girl's dismissal upheld

FULL-TIME officers of the Association of Scientific, Technical and Managerial Staffs have failed to win backing in their fight for the re-instatement of a sacked girl trainee, over which they went on strike for two and a half weeks last summer.

An arbitration panel chaired by Dr. Bill McCarthy of Oxford University has upheld the union executive's decision to terminate the girl's contract after a six months' probationary period.

But the panel also ruled that the girl, Judy Cotter, should be paid until the end of the year.

When the panel was set up, both the ASTMS executive and the striking officers agreed to accept its findings, and the dispute is likely to be closed.

In the report, the panel also made numerous recommendations for improving the training of officers at ASTMS, which recruits a number of people with little union experience. These include proposals for more extended interviews, more formal training courses, and more supervision of trainees.

In addition, the panel said "there should be an agreed procedure which allows the officers group to make representations on behalf of a trainee who is dismissed or not confirmed after six months' service."

'Tax relief for schools should end'

By Our Lobby Editor

MISS JOAN LESTOR, junior Minister at the Department of Education and Science, has emphasised that Labour's last election manifesto promised to withdraw tax relief and charitable status from public schools "as a first step twords our long-term aim of phasing out fee-paying schools."

Speaking in Bristol at the week-end, she said that even with the present economic difficulties things could be done to implement that promise. Referring to the report of the Government's expenditure sub-committee and dealing with charities, she said: "If their recommendations are carried out, the existing regulations based on an 1891 interpretation of a 1601 statute on this matter will be replaced by a single definition of a charity as an organisation that has a purpose beneficial to the community.

Definition

"While such a definition would include certain schools catering for handicapped children, for example, it would exclude public schools. Charitable status enables public schools to claim back Income Tax on endowments and to avoid death duties on monies left to them. They are also entitled to a 50 per cent. rate rebate."

Miss Lestor, who is a Left-wing member of Labour's national executive, concluded that she hoped the Labour movement would press the Government on this recommendation: "It is in line with our policy, would save money for the State, and is morally right."

Conference 'supreme' says Hayward

THE GOVERNMENT was warned at the week-end that Labour's Blackpool conference was the "supreme" policy-making body of the party and not a "harmless seaside outing."

Mr. Ron Hayward, general secretary of the Labour Party, told a Labour Women's rally at Chatham, Kent, on Saturday that the National Executive Committee, which is responsible to the conference, has a duty to take the decisions of conference with "the utmost seriousness."

"But equally, the Parliamentary Labour Party must also take our decisions seriously—whatever advice they may receive from other quarters."

The Labour Movement was looking for action on import controls and for conference's adoption of the National Executive Committee's statement on "Labour and Industry: the Next Steps."

Powers

These moves were a call for a new industry Bill to provide reserve powers needed to make planning agreements work; a new Bill to provide powers for the National Enterprise Board to have £1bn. a year at its disposal —plus flexible powers of nationalisation; and a new national plan backed by planning agreements to ensure new jobs are created when and where they are needed.

The National Executive Committee and conference wanted a ten-fold increase—at least—in money for retraining. Mr. Hayward's final call was for new machinery and new powers to ensure that investment funds go into British industry and not into property speculation and investment overseas.

Liberal MPs urged to boycott House of Commons

BY JOHN BOURNE, LOBBY EDITOR

MR. CHRISTOPHER MAYHEW, a former Labour Minister and now a Liberal, is urging Liberal MPs seriously to consider boycotting the House of Commons and leading a nationwide campaign for electoral reform.

Mr. Mayhew, a prospective Parliamentary Liberal candidate for Bath, said at the week-end that although the Labour and Conservative Parties had the money, power and seats in Parliament, the public was increasingly turning away from them. The public was demanding electoral reform and an end to class politics.

This gave the Liberals their finest-ever campaigning issue and if they took their chance it could win them the balance of power at Westminster at the next election. "Liberal MPs might do more for democracy by boycotting the Commons, where they are so grossly under-represented, and leading the campaign."

Mr. Cyril Smith, the Party's Chief Whip and MP for Rochdale, has just completed a paper on the role of the Parliamentary Party in the House. It will be submitted to his colleagues for their consideration next Wednesday.

He said yesterday: "It is not entirely out of line with Mr. Mayhew's views, but perhaps a little less drastic." He added: "I cannot go all the way with him. However, I certainly think there is some merit in what he says."

Meanwhile Mr. David Steel, MP and former Liberal Chief Whip, has warned the Government that if it wanted his party's support on devolution plans for Scotland it would have to adopt "a much more radical and fundamental approach on the issue."

A Scottish Assembly which had no direct share of oil revenues, and which left unaffected the powers of the Scottish Secretary and Scotland's 71 MPs, "comes nowhere near the vision of a federal relationship with Westminster, which Liberals have always advocated," he said in Edinburgh.

Mr. Steel, MP for Roxburgh, Selkirk and Peebles, added that Liberals should look askance at Government proposals which merely added to the expense and bureaucracy of Scotland's new, larger local authorities.

The Government's devolution proposals would require a minimum 21 days consideration in the Commons, but because of the different strands of opinion it could end up an abortive shambles.

هكذا من الأصل

Marina 2
We've added more of almost everything except price.

More choice and style.

There are eleven Marina 2's, five Coupés, five Saloons and an Estate. Four are new additions to the Marina range: the HL Saloon, the GT Coupé and the two 1.8 Specials. Outside, all the new Marinas have been restyled. There are new colours. And the four new models carry matching vinyl roofs and new lighting systems.

More comfort.

Look inside the new 1.8 Marina Specials. You'll find new, contoured seating with head restraints and a rear central armrest. You'll find a redesigned, colour-matched fascia with a new steering wheel. You'll find a lot of small, thoughtful touches: electric washers with 2-speed wipers, a clock and a cigar lighter are just some of them.

More control.

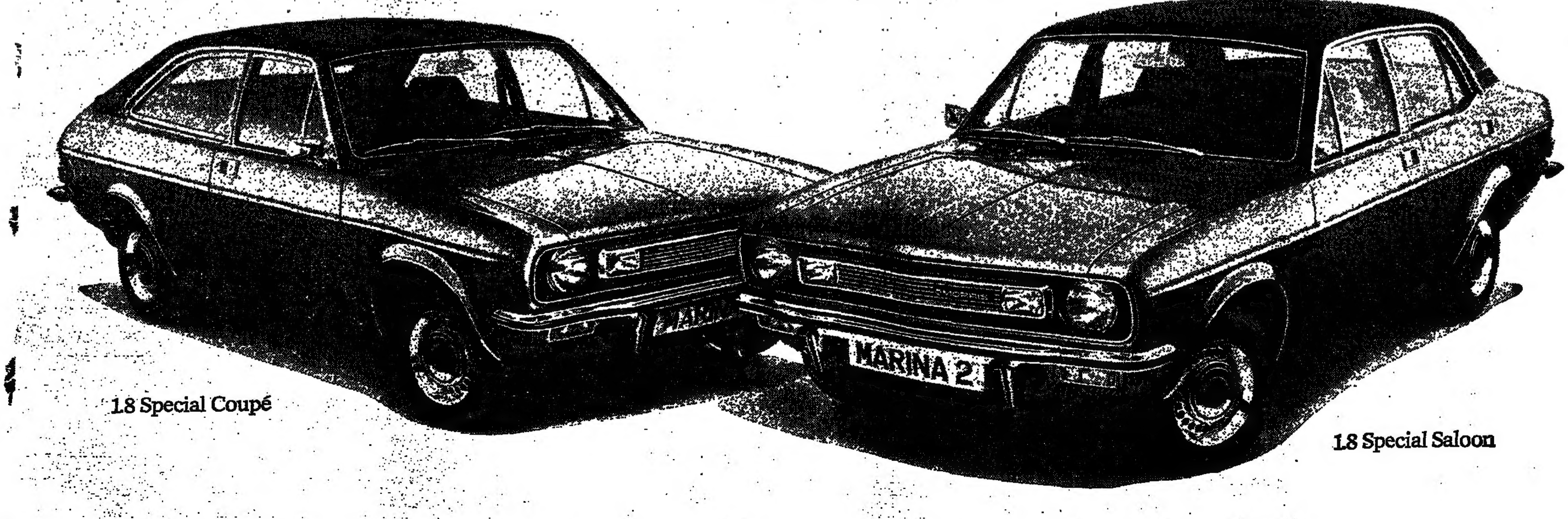
We've developed a new suspension system for Marina 2: anti-roll bars front and rear make for a smoother ride. Front disc brakes are standard on all models, with servo-assistance on the 1.8's. And there's a sensitive rack and pinion steering system. All in all you get better handling out of Marina 2, without sacrificing any of Marina's famed economy.

More confidence.

All new Leyland cars, including the new Marinas, are protected by Supercover, the most comprehensive after-sales commitment ever seen in Britain.

No more money.

We haven't increased the prices of the new Marinas. You'll see them listed on the page facing this advertisement. And at those prices you'll find it very hard to beat the new Marinas for value. The only thing left to see is a new Marina. At your Morris showroom. Now.



1.8 Special Coupé

1.8 Special Saloon

Morris

From Leyland Cars. With Supercover.

THE JOBS COLUMN

Kuwait · Sales · Angler

BY MICHAEL DIXON

THE NETHERLANDS - based Bos Kalis Westminster group is looking for a general manager to run its jointly owned company Lamnalco, which is headquartered in Kuwait.

The company has widespread activities in the Gulf area, providing offshore maintenance, mooring, storage and suchlike engineering services concerned with the exporting of crude oil. *The recruit will be responsible* directly to the company's Board for the whole of the day-to-day operations, which are growing considerably, according to Ronald Grant of Bos Kalis Westminster.

The person he has in mind is a civil or mechanical engineer by training who has worked with oil companies and knows about the operation of small vessels and other aspects of Lamnalco's work. Experience in the Middle East would help a lot, because the job involves top-level negotiating with governments as well as oil corporations. Age range is 30s-40s.

Conditions include a good deal of travelling, free *furnished accommodation*, and medical treatment for the manager and wife and children *if such there be*, five weeks holiday with paid passages, and an air-conditioned car. I am told that *there are good educational facilities* locally, but they have to be paid for out of salary, which is not specified. My *guess, however*, is that in sterling terms it must be at least £8,000-plus, and there is a bonus earnable too. So, remembering Kuwait's non-tax advantages, the pay seems good—to me, anyway.

Candidates should write to Mr. Grant, who has just gone to the States until early November. His address is: Grant Lyon Eagre, East Common Lane, Scunthorpe DN16 1HN—telephone 61161. (He, by the way, expects good results from the Jobs Column because it recently found him the company secretary for whom he had been advertising unsuccessfully for months. So be sure not to let him down! Please).

MALCOLM HARGREAVES, the sales manager of Building Markets, wants someone aged around 25-35 to work as a sales executive from the company's base in Watford.

Building Markets is a private company formed by the chairman and managing director Trevor Wynn-Jones to provide services to companies who needed to make better use of or to extend their buildings. But it has now added an estates *division with the aim of seeking* out concerns in need of new premises and supplying them *with a range of expertise from* finding the site to furnishing the completed building. And it is in this estates division that the sales executive is primarily needed.

As well as selling, the newcomer will be helping the marketing manager to develop sales promotion techniques, of which mail-outs are the mainstay at present. Responsibilities will cover sales in London and parts of the Home Counties.

The company has around 50 staff and a turnover of around three quarters of a million, and *Malcolm Hargreaves says it has* good reason for believing that it can raise this to more than £1m. over the next 12 months.

His preferred candidate will have experience of selling at *a high level and knowledge of* the estates, property, construction area of business. Numeracy, *as well as persuasiveness*, are desired, and I gather that a married man with children *would have an advantage*.

The salary will be in the £4,000 to £5,000 bracket, plus *commission*. Perks include a car. Three working weeks off in addition to the statutory *holidays*.

Mr. Hargreaves's address is Greycaines House, Greycaine Road, North Watford, Hertfordshire WD2 4UZ — telephone 44344. (He, by the way, expects good results from the Jobs Column because it found him a good man when he was in his previous job as marketing director for Reed Executive Selection. So be sure not to let him down! Please.)

AND SO *to a couple being* offered through Professional and Executive Recruitment. Applicants should telephone the PER consultant named.

The first job is also for a sales executive, but this time based in the Midlands and working for Edmont Canada. The recruit will take responsibility for the sales of the company's industrial gloves throughout the United Kingdom. What is required here is someone with a *record which demonstrates successful* marketing-minded self-motivated salesmanship. The *salary will be around £5,500*. The consultant is Roger Field—tel. 01-235 7030, extension 322.

The other is for a shop manager for the central London branch of the fishing-tackle-and-sporting-guns specialists, Hardy Brothers (Alnwick). A keen interest in angling and its *associated equipment would be an advantage* (I plainly wouldn't do: I can't even catch mackerel), but *the prime need is* administrative skill and experience of retail management in high *quality goods*. Branch staff consists of 12 people. Salary £5,000. Harry Picken, Tel. 0632-28543, extension 214.

BANKING APPOINTMENTS

GENERAL APPOINTMENTS

EDUCATIONAL

COMPANY NOTICES

CENTENARY FUND S.A.

NOTICE TO SHAREHOLDERS

The accounts of Centenary Fund S.A. for the six months to 30th June, 1975, are now ready and can be obtained on application, to either the investment advisers:
F. & C. Management Limited,
1-2, Laurence Pountney Hill
London, EC4R 0BA.
or to the registered office
Banque Generale du Luxembourg,
14 rue Aldringen,
Luxembourg.

6% FUNDING LOAN 1993

BONDS TO BEARER

The Bank of England give notice that new COUPON sheets will be available on or after 17th November 1975 in exchange for TALONS. Listing forms for talons are obtainable from the Loans Office, Bank of England, 1 & 2, Bank Buildings, Princes Street, London, and talons should be presented there for exchange by Authorised Depositaries on behalf of holders, from 10th November 1975. Talons should not be *presented through the post.*

Authorised Depositaries are listed in the Bank of England Notice EC1 and include bankers, stockbrokers & solicitors practising in the United Kingdom.

APPOINTMENTS

Marley group executive posts

Mr. T. M. Arnott has been appointed a director of Marley Extrusions. Mr. E. W. Lansdowne and Mr. H. B. Lapham have become *directors and* Mr F. S. J. Whalley the secretary of Marley Retail. The companies are members of the MARLEY group.

★

Following incorporation of the *partnership of IVORY AND SIME*, Mr. R. H. C. van Maasdijk, Mr. R. A. Hammond-Chambers, Mr. P. H. J. de Vink, Mr. J. T. Laurenson, Mr. I. F. Rushbrook, Mr. James Ivory, Mr. S. W. Newton and Mr. I. E. Ivory have been appointed managing directors. Mr. J. G. F. Gammell and Mr. J. C. R. Inglish continue as chair*man deputy chairman respectively* and Mr. F. S. Jamieson has also been appointed as non-executive director.

★

Mr. Joseph Odam has been elected to the Board of SIDNEY C. BANKS following the acquisition by that company of Joseph Odam Ltd., of which Mr. Odam continues as managing director.

★

Mr. Bill Sutherland has been appointed director of the NATIONAL LIGHT METALS TRADES FEDERATION.

★

The CENTRAL ELECTRICITY *GENERATING BOARD* has made the following appointments in the North Eastern Region: Mr. J. R. Craig, director of production; Mr. D. A. Davis, director of resource planning; and Dr. P. R. Howard, director of engineering.

★

Mr. D. S. Gray and Mr. A. L. Petitt have resigned from the Board of SPACE DECKS. Mr. Christopher Bland, chairman, has become chief executive and Mr. Roger Howick has been appointed to the Board as sales director.

★

Mr. David Boyd, head of the stamps department, has been appointed a director of PHILLIPS, fine art auctioneer.

★

Mr. George Clark has been appointed to the Board of MINWORTH METALS, a subsidiary of AMAX.

★

Mr. Geoffrey Dove, joint managing director of the DOVE GROUP, has been appointed chairman. He succeeds Mr. Stanley Pickard who retires after 50 years with the company. Mr. David Dove becomes group managing director.

★

Mr. Graham H. Jarrett has been appointed a director and general manager of RADIO RENTALS CONTRACTS, a member of the Thorn Electrical Industries group.

★

Mr. Alfred Hayes, former president of the Federal Reserve Bank of New York, will become chairman of MORGAN STANLEY INTERNATIONAL INCORPORATED on November 1. He will also become an advisory director and member *of the advisory* council of Morgan Stanley Holdings Incorporated, the newly formed parent company of the Morgan Stanley Group.

★

Mr. Leonard Holmes has been appointed to the Board of SUMRIE CLOTHES as financial director.

★

Mr. Richard J. Barnes, formally with Kidder Peabody and Co. has been appointed a director of WFC, a subsidiary of the WFC C[illegible] tion of the U.S.

★

Mr. D. Butterworth has [illegible] CARAVANS INTERNATIO[illegible] group marketing directo[illegible] P. H. Bell continues as c[illegible] cial *director of the* grou[illegible] Ken E. Green has been a director of CI Caravan[illegible] Butterworth was previous[illegible] the Royal Dutch Shell gro[illegible]

★

Mr. A. P. Robertson has [illegible] the Board of WIGHT CON[illegible] TION HOLDINGS. Mr. Ro[illegible] was formerly a direct[illegible] general manager of the Bank of Scotland.

★

Mr. R. J. Ede has [illegible] appointed chairman [illegible] BRITISH HOMOEOPATHI[illegible] CIATION.

★

Mr. B. S. Dean ha[illegible] appointed to the Bo[illegible] HARRIS AND DIXON.

★

Mr. Garfield Collins h[illegible] appointed a director [illegible] APPLIED SYSTEMS.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly *for the purpose of considering dividends and official indications are* not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

COMPANY MEETINGS—
Austin (James) Steel, Ossett, 12.
Bever, Peacock, Winchester House, E.C., 12.
Executex Clothes, Leeds, 9.

BOARD MEETINGS—
Finals:
Bryant
Glaxo
Kent (M. F.)
Malayalam Plantations
Wolverhampton Die Casting
Interims:
BSG Intl.
British Syphon Inds.
Dupont
Lesney Prods.
North (M. F.)

DIVIDEND & INTEREST PAYMENTS—
AGB Research, 0.3381p
Assoc. Food Ln. Stk., 3½pc
Austin (James) Steel 2.375p
Bestobell, 2.9347p
Blockleys, 0.6446p
Clifford (Charles) Inds., 2p
Corah, 0.68p
Hoffnung (S.) 2.195p
Kingside Inv., 0.35p
Manchester Ship Canal 5p. 5pc Pf. 3.5pc
Mallordale, 3.675p
Northampton 8pc Red. Stk. 78-79, 4pc
Pullman (R. and J.) 3.3828p
Rosgill, 7.26p
Slough 7½pc Bds. Red. 13/10/75. 3½pc
Warrington 7pc Bds. Red. 15/10/75 £3.5383

TO-MORROW

COMPANY MEETINGS—
Barker and Dobson, Great Eastern Hotel E.C., 11.30.
Brasway, Walmley, Sutton Coldfield, 12.
Crossfriars Trust, 8 Crosby Square E.C., 12.
Pifco, Winchester House, E.C., 12
United British Securities Trust, 83 Cannon Street, E.C. 12.

BOARD MEETINGS—
Finals:
Banks (Sidney C.)
Cons. Gold Fields
Lep Group
London Scottish Finance
Prossac
Interims:
Bandanga
Bunzl Pulp and Paper
Farnell Elect.
Gerrard and Nat. Discount
Hill (Charles) of Bristol
Hunting Assoc. Inds.
Inv. Trust Corp
Kode Intl.
Lilley (F. J. C.)
Martin (Albert)
Rockware
UDS
Waterford Glass
Yorks Fine Woollen Spinners

DIVIDEND & INTEREST PAYMENTS—
Amalgamated Metal 4p
Bever Peacock 0.1625p
Henderson (J. and W.) 2.7135p
Small (John C.) and Tidmas 1p

WEDNESDAY, OCTOBER 15

COMPANY MEETINGS—
Customagic Manufacturing, Manchester, 2.30
Danae Investment Trust, 64, Coleman Street, E.C., 11.15
Fox's Biscuits, Leeds, 12
Monitor Holidays, Café Royal, 68, Regent Street, W., 12.
Photopia International, Stoke-on-Trent, 2.30
Martin (Albert)

BOARD MEETINGS—
Finals:
Kalamazoo
N. Atlantic Secs.
Remar Textiles
Sun Life Ass.
United Real Prop. Tst.
"W" Ribbons
Interims:
Brit. Home Stores
City of Oxford Inv. Tst.
Fogarty (E.)
Legal and General Ass.
Provident Life Assn. of London
Securities Trust of Scotland
Smith St. Aubyn
Wilmot-Breeden
Wire and Plastic Prods

DIVIDEND & INTEREST PAYMENTS—
Anglowest 0.59356p
Ault and Wiborg 1.1025p
Australia (Commonwealth of) 5pc Reg. Stk. 74-76 3pc 5¼pc Reg. Stk. 75-78 2⅝pc
B.C. Canada 86cts SC
Berwick 13pc Bds. Red. 15/10/75 £6.7137
Blaby 13pc Bds. Red. 15/10/75. £6.7137
Bracknell 13pc Bds. Red. 15/10/75. £6.7137
Brent 13pc Bds. Red. 15/10/75 £6.7137
Broxtowe 13pc Bds. Red. 15/10/75 £6.7137
British Assets Tst. 4.9pc Prf. 1.575pc 3½pc Pf. 1.75pc
Camden 9pc Red. Stk. 78-80 4½pc
Canadian and Foreign Inv. Tst. Deb. Stk. 3½pc
Cleveland 13pc Bds. Red. 15/10/75 £6.7137
Commercial Union Ass. Stg. Fd. Ser. A 4½pc
Cornwall Prop. Ln. Stk. 5pc
Coventry [illegible]
[illegible]
Debenhams [illegible]
Eldridge Pope Ln. Stk. [illegible]
Fluor Corp. [illegible]
Goode Durrant and Murray [illegible] 1.75pc
Greater London 9½pc Stk. 80-82 4¾pc
Hawthorn Baker [illegible]
Hoover Ord. and A. 5.54p
Inverness 13pc Bds. Red. 15/10/75. £6.7137
Isle of Man 3½pc Stk. 81-83 1¾pc
Jamaica 4½pc Stk. 76-78 2¼pc
Kingston upon Hull 13pc Bds. Red. 15/10/75. £6.7137
Lambeth 13pc Bds. Red. 15/10/75. £6.7137
Manders 3½pc Pf. 1.75pc
Martin (Tom) (Metals) 0.76725p
Merthyr Tydfil 13pc Bds. Red. 15/10/75. £6.7137
Metropolitan Water Southwark and Vauxhall 3pc Deb. Stk. 1½pc
Monks Investment Trust Deb. [illegible]
Morgan [illegible]
Nat. Development [illegible] 4¼pc
Newcastle upon Tyne 9¼pc Cons. Red. Stk. 81-83 [illegible]
Norwest Holst Ln. Stk. 3pc
Norwich 13pc Bds. Red. 15/10/75 £6.7137
Nuneaton 13pc Bds. Red. 15/10/75 £6.7137
Occidental Petroleum Corp. 25cts
Oppenman Deb. Stk. [illegible]
Photopia Intl. [illegible]
Pifco Ord. and A Ord. [illegible]
Queens [illegible]
Richards [illegible] 7.925p
Rolinco [illegible] Sub. Shs. [illegible]
Scarborough 13pc Bds. Red. 15/10/75 £6.7137
Schlumberger 18cts
Scottish Agric. Secs. Corp. 7pc Deb. Stk. 80-83 3½pc
Sheffield 13pc Bds. Red. 15/10/75 £6.7137
Sheffield Brick 0.75p
South Oxfordshire 13pc Bds. Red. 15/10/75 £6.7137
Southwark [illegible]
Stafford 13pc Bds. Red. 15/10/75 £6.7137
Staffordshire 13pc Bds. Red. 15/10/75 £6.7137
Sunderland [illegible]
Treasury [illegible]
U.S. and General Tst. Corp. Deb. Stk. 2½pc
Walsall 13pc Bds. Red. 15/10/75 £6.7137
Waltham Forest 13pc Bds. Red. 15/10/75 £6.7137
Watney Mann and Truman Deb. Stk. 3pc
Waverley 13pc Bds. Red. 15/10/75 £6.7137
Westminster [illegible] £2.7295
Whitbread Ln. Stk. [illegible]
Wholesale Fittings [illegible]
Wimpey (George) Ln. Stk. [illegible]
Woodspring 13pc Bds. Red. 15/10/75 £6.7137

THURSDAY, OCTOBER 16

COMPANY MEETINGS—
Allen (W. G.) (Tipton), Tipton 12.15.
Amalgamated Tin Mines of Nigeria, [illegible] Moorgate, E.C. 12.
Angus Milling, [illegible] Angus 12.
Antofagasta (Chili) and Bolivia Railway, Winchester House, E.C. 12.15.

British Electric Traction, Connaught Rooms, W.C. 12.15.
Christie-Tyler, Cardiff, 12.
Malaysia Rubber, 1, Great Tower Street, E.C., 12
Newall Machine Tool, Peterborough, 12.
Newton (John M.), East Grinstead, Sussex 2.
Scrimgeour (J. and A.), Stock Exchange, E.C. 3.45.
Worthington (A. J.), Leek, Staffs 11.

BOARD MEETINGS—
Finals:
Highland Distilleries
Muar River Rubber
Sikama
Interims:
Ariel Inds.
Bowthorpe
Canning (W.)
Chamberlain Group
Erith
GHP Group
Gen. Scottish Tst.
Harmo Inds.
Ind. and Gen. Trust
Martin-Black
Root Harvesters
Scottish Mortgage and Trust
Scottish Television

DIVIDEND & INTEREST PAYMENTS—
Afan 11¾pc Bds. Red. 21/4/76. 5⅞pc
Allen (W. G.) (Tipton) 1.459p
Alnwick 11¾pc Bds. Red. 21/4/76. 5⅞pc
Bromley 11¾pc Bds. Red. 21/4/76 5⅞pc
Calderdale 11¾pc Bds. Red. 21/4/76. 5⅞pc
Chichester 11¾pc Bds. Red. 21/4/76. 5⅞pc
Clough (Alfred), 1.95p
Clover Croft and State, 1.5p
Copeland 11¾pc Bds. Red. 21/4/76. 5⅞pc
Corp. of London 11¾pc Bds. Red. 21/4/76. 5⅞pc
Croydon 11¾pc Bds. Red. 21/4/76. 5⅞pc
Cumbria 11¾pc Bds. Red. 21/4/76. 5⅞pc
Dudley 11¾pc Bds. Red. 21/4/76. 5⅞pc
E.I.D.-Parry Prf., 4½pc
Ealing 11¾pc Bds. Red. 21/4/76, 5⅞pc
East Staffordshire 11¾pc Bds. Red. 21/4/76. 5⅞pc
Fareham 11¾pc Bds. Red. 21/4/76 5⅞pc
Fort William 11¾pc Bds. Red. 21/4/76. 5⅞pc
Garnar Scotblair, 1p
Hawick 11¾pc Bds. Red. 21/4/76. 5⅞pc
Newham 11¾pc Bds. Red. 21/4/76. 5⅞pc
North Wiltshire 13¼pc Bds. Red. 21/4/76 6⅝pc
Northampton 11¾pc Bds. Red. 21/4/76. 5⅞pc
Nottingham 11¾pc Bds. Red. 21/4/76. 5⅞pc
Orkney 11¾pc Bds. Red. 21/4/76. 5⅞pc
Slough Estates, 0.625p
Stranraer 11¾pc Bds. Red. 21/4/76. 5⅞pc
Three Rivers 13¼pc Bds. Red 21/4/76. 6⅝pc
Vantage Secs., 0.113p
Vereeniging Estates (Temp. susp. 26/9/75). 45cts
Warwick 11¾pc Bds. Red. 21/4/76. 5⅞pc
Watford 11¾pc Bds. Red. 21/4/76. 5⅞pc
Waveney 11¾pc Bds. Red. 21/4/76. 5⅞pc
West Glamorgan 11¾pc Bds Red. 21/4/76. 5⅞pc
West Oxfordshire 13¼pc Bds Red. 21/4/76 6⅝pc
West Somerset 11¾pc Bds. Red. 21/4/76. 5⅞pc
Worthington (A. J.), 0.344p
Wyndham Eng., 1.47p

FRIDAY, OCTOBER 17

COMPANY MEETINGS—
Diploma Investments, Great Eas[illegible] E.C., 11.45.
Howard and Wyndham, Edinbu[illegible]

BOARD MEETINGS—
Finals:
Lowland Inv.
Tilley Lamp
Interims:
Beaver Group
Corinthian
Evered
Lipton (L.)
Reed (Austin)
Upton (E.)

DIVIDEND & INTEREST PA[illegible]
Allen Harvey and Ross 7p. Ord. 0.7p
A.P. Cement Ord. Stk., 2.35p
Ayer Hitam Tin Dredging, 8p
Bradlow's Stores, 15cts
Brammer (H.), 1.4p
British Elec. Traction Dfd. Ord.
Christie-Tyler 3.30405p
Clayton Dewandre, 1.707p
E.C. Cases, 0.585p
Lamson Inds., 1.78p
Lec Refrigeration, 1.16721p
Minty, 1p
Monitor Holidays Ord. and A
Newton (John M.) 0.7904p
Pearl Assurance, 3.5p
Ree Bros. A Ord., 0.7p

SATURDAY, OCTOBER

DIVIDEND & INTEREST PA[illegible]
Fox's Biscuits, 2.2031p

SUNDAY, OCTOBER

DIVIDEND & INTEREST PA[illegible]
Blaby 6½pc Bds. Red. 20/4/7[illegible]
Caerphilly 6½pc Bds. Red. 3¼pc
Fairview Estates, 2p.
Lambeth 6½pc Bds. Red. 3¼pc
Moygashel Deb. Stk., 3½pc
Waltham Forest 6½pc Bds. Re[illegible] 3¼pc

Lorne Barling re-visits the Kirkby workers' co-operative 11 months on from the much-criticised Government decision to give it £3.9m.

Mixed emotions for Kirkby's birthday celebrations

OF the most controversial workers' co-operatives set up while Mr. Anthony Wedgwood Benn was Secretary for Industry is about to reach its first anniversary with high hopes of achieving profitability in the near future, but with indications that it needs more capital to develop new products. It was in November last year that the Government announced that up to £3.9m. of State aid was to be given to make possible the implementation of plans to establish a co-operative in the then receiver-run factory of IPD Industrial, the former Fisher-Bendix plant near Liverpool, and two months later that the IPD title was dropped and Kirkby Manufacturing and Engineering became the formal name of the venture.

At the time, the decision to give Government aid was widely criticised, particularly as it involved Mr. Wedgwood Benn's rejecting the judgment of the Industrial Development Advisory Board that "it was regrettable that such large sums of public money should be committed." The Board said that the venture had no chance of being commercially successful, partly because it was overmanned and also because its mixture of products was not easy to make money from.

To-day, the Kirkby plant is not only still functioning, producing storage heaters, car components, and soft drinks and fruit juices, but has plans to expand its product range and expects to be profitable early next year. But, despite its optimism about the future, the co-operative is looking for additional capital.

The £3.9m. provided by the Government as a one-off grant is not regarded by Mr. Jack Spriggs, the former chairman of the shop stewards' committee who has emerged as the main link with the Department of Industry, as the end of the road. He stresses that he will not be asking for another hand-out—"although governments have been known to change their minds"— but points out that after £1.8m. of the grant had been paid to the Receiver for plant and equipment from IPD Industrial, and another £100,000 advanced as a special deposit against the factory lease, KME was left with £2m.

Inflation and the economic recession have dealt a heavy blow to the co-operative, which has reduced its workforce to a little over 700.

Fifteen months after IPD Industrial went into receivership in June last year, however, the level of enthusiasm at the factory is still such as to suggest that the co-operative concept is workable. "We are very mindful of the fact that we have been given Government cash, and of the public attention the venture has attracted says Mr. Spriggs.

He is at the same time slightly resentful of the suspicion with which, he claims, industry regards KME. The history of the plant, with its labour strife and sit-ins in the period leading up to IPD Industrial's liquidation last summer, has done little to build up confidence, and the credit rating of the new co-operative was extremely low at the start of the year.

Mr. Spriggs claims that, at the time, the British Steel Corporation, for example, was prepared to grant only limited credit for the steel needed for KME's engineering work, the co-operative's most important activity, and supplies had to be bought from Holland and Germany. This problem, however, has now been resolved.

This year, KME's main problems have come from a different direction, the disastrous fall in demand for car pressings, mainly for low volume British Leyland cars such as the Triumph Stag. With a great deal of practical assistance from BL, such as the free issue of steel, this activity provided profit of about £500,000 a year. Now the plant's heavy presses are largely inactive and BL is doing its own pressing.

Another setback was the fall in demand for night storage heaters which followed the Government's decision to increase off-peak electricity tariffs, but there has been an improvement in sales recently and production is now around 200 a week.

The major strength of KME remains its radiator production, running at 10,000 units a week most of the year and dropping to about 7,000 a week during the summer, with sales in this area accounting for more than half the company's annual turnover. Despite some troughs in this market, production has never reached, let alone fallen below, the 1,500-a-week minimum specified in the Government-backed study on the co-operative carried out by Inbucon, the management consultants.

The co-operative's most surprising activity, the production of fruit juices, is regarded as promising, despite the initial pursuit of volume at the expense of margins.

Nevertheless, with a great deal of factory space and production capacity under-utilised, KME needs to boost its product range in the field where it has most expertise and marketing ability—heating and ventilating. The vital question here is whether the company can do this without heavy capital expenditure on equipment. Considerable development work has been done on new ventilating equipment—for use in sealed buildings—and sales of this now run at around 600 units a week. *Production of a new electrical heater is planned.* Apart from domestic and commercial use, this will be sold to farmers for use in pig and chicken farming.

Mr. Spriggs is hopeful that this heater, which is claimed to use up to 30 per cent. less electricity than similar products, will become a high-volume item, taking up some of the unused capacity. In addition, negotiations are in progress with the U.S. Kaiser Sherer group over the production under licence of environmental chambers for laboratory use. One important *point about this deal, if it goes ahead,* is that not a great deal of capital will be needed to start manufacture.

Terry Kirk

Mr. Jack Spriggs, former chairman of the Kirkby shop stewards' committee: "Governments have been known to change their minds."

This is in line with a basic objective at KME—to use all the available skill to start new production at minimal cost. At the same time the management—which plays a conventional role but without the trappings sometimes found elsewhere, such as large offices or a big staff—is constantly aware of the need to generate enough confidence to raise money through the normal routes open to industry, including the merchant banks if possible.

The conventional sources of Government money, such as through the provisions of the Industry Act, 1972, are also being tapped. Being in a special development area, KME has received £22,000 towards the purchase of new capital equipment—a fleet of stacker trucks.

IPD Manufacturing still owns the factory, which is held by KME on a 34-year lease, Mr. Spriggs and his co-director, Mr. Dick Jenkins, acting as guarantors. This is a cause of some dissatisfaction. Mr. Spriggs argues that the Government should have bought the end lease—and, indeed, that it could still do so, to avoid the co-operative's having to pay rent to IPD.

Nevertheless, he remains firm in his belief that the original £3.9m. grant was justified, particularly in view of the large sums which have been paid out in unemployment benefits to redundant workers at neighbouring factories. Although the workforce at KME has been kept to a minimum, it is claimed that unit costs have also been reduced since the start of the year and that morale among workers is high.

Plans to increase worker participation in the factory have gone ahead, but the works manager, Mr. John Davis, says that his plan to "make myself redundant" and hand over to a workers' committee will not be carried out until the co-operative is in a stronger financial position.

He believes that the workforce is now confident enough about the company's progress to be informed, by means of notice boards on the shop floor, whether their section is profitable or not.

Mr. Davis' view is that KME must prove itself successful in competition with industry as a whole and that any attempt by union officials at other factories to direct work to KME, which has been mooted by some recently, would not be acceptable.

When the Government first agreed to grant KME assistance, the £3.9m. was made up of £1.2m. for working capital, allowable in instalments which the Department of Industry is now administering, £500,000 to cover the estimated cash deficit in the first year, and some £400,000 for up-dating plant and equipment.

In view of the unforeseen problems KME has faced, particularly the loss of its work for British Leyland, £400,000 is little enough with which to initiate the type of high volume production which is clearly necessary if the co-operative is to weather the difficult year ahead.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Bugs extract uranium cheaply

FOR SOME time, a great deal of attention has been paid to the possibility of using bacteria as the agents in the elaboration of new chemicals and in the extraction of metals from their ores, as well as the treatment of industrial and domestic wastes.

One process, which employs bacteria to simplify the extraction of uranium from its ores, has advanced enough to warrant serious commercial consideration and Matthew Hall Ortech has taken a licence from the U.K. Atomic Energy Authority to cover marketing and engineering rights on a world basis for the process — described as a ferric leach bacterial oxidation system for uranium extraction.

The result of several years work at Warren Spring Laboratory, the process is immensely attractive, *particularly now*, because it allows rather coarse ore to be used instead of finely ground material so that there is an immediate major energy saving together with the capital saving resulting from the ability to dispense with ball mills.

An immediate corollary to this is that the process can be applied to much poorer ore for the same metal cost than has been exploited hitherto and it is significant that the first ore to be examined will come from Sweden, Korea and Gambia, though possible applications to Canadian and Australian ores will also be studied.

In the process, coarse ore is leached continuously in acidic ferric sulphate (the bacteria are thiobacillus ferro-oxidans) and this is followed by ion exchange to extract the uranium oxide.

It will take about a month to get to the point where the company can quantify the savings possible.

Matthew Hall House, 101, Tottenham Court Road, London, W1A 1BT (01-636 3676)

Gas from brown coal

FRIEDRICH Uhde GmbH of Dortmund has been awarded a contract by Rheinische Braunkohlenwerke AG (Rheinbraun) of Cologne covering the design and construction management of a pilot plant for lignite gasification using oxygen or air.

The plant will be based on the high-temperature Winkler process, further developed by Rheinbraun, the improvement comprising the addition of limestone, thus permitting higher temperatures to be used for gasification and simultaneously achieving desulphurisation.

These features constitute advantages as regards production costs as well as environmental pollution control.

The purpose of the pilot plant is to demonstrate the practicability of the process which has already been tested in a bench-scale installation.

Uhde is responsible for the *engineering and for managing* the civil works and erection. Start-up is scheduled for April 1977.

The project is sponsored by the Ministry of Research and Technology of the Federal Republic of Germany as part of the energy research scheme.

Uhde is at 46 Dortmund, Deggingstrasse 10-12, Postfach 262, German Federal Republic.

Spray has many uses

POST-PUMP injection is a feature of the "12" range of spray cleaning equipments put on the market by Euroclean, Elstow Storage Depot, Kempston Hardwick, Bedford (0234 740472).

Apart from detergents almost anything can be put through them including acids, fertilisers, insecticides, fungicides—without damaging the pump. Many uses will therefore arise in agriculture, horticulture, food processing, kitchens, shipping, aviation, breweries and swimming pools, apart from vehicle cleansing.

The chemicals are injected into the water stream on the pressure side, avoiding pump and other corrosion risks. There is *fingertip control at the spray wand*.

Each machine (there are three basic models) is complete with trolley, pressure hose, spray wand and stainless steel jets, and operates from the domestic electricity supply.

● RESEARCH

Where the solvents go

CONSUMPTION OF solvents in the U.K. is about 800,000 tonnes a year. Half of this is accounted for by hydrocarbons, 30 per cent. by oxygenated and 20 per cent by chlorinated solvents.

These figures are quoted in a report on a study of solvent recovery carried out by Industrial Aids which estimates there are about 12 companies providing a solvent service and 17 specialising in recovery plant.

According to the report, paint and varnish manufacturers account for 35 per cent. of the total and are the largest end users of hydrocarbons and oxygenated solvents.

Degreasing, general machinery cleaning and dry cleaning account for over 80 per cent. of the chlorinated solvents. Other important outlets are in adhesives, inks, polishes, pesticide formulations, and in the manufacture of fibres and *pharmaceuticals*.

Over 100,000 tonnes a year of solvents are used for cleaning machinery, degreasing and paint stripping, and much of this is recovered. Almost another 100,000 tonnes is currently recovered annually from other end *use sectors, and the report* identifies the potential for further recovery in each of these sectors.

It is considered that about another 50,000 tonnes a year could be recovered, but that for various technical and economic reasons, there will be no increase in recovery in the foreseeable future in certain of the end use sectors.

Solvents are recovered in vapour form mainly by absorption or as liquids by distillation. Vapour phase recovery where the solvent is associated with large quantities of air is of necessity an in-house operation, but liquid phase recovery can be done continuously or in batches. There are a number of specialist recovery companies who undertake this type of service.

Other processes such as filtration, centrifuging, or recovery by chemical reaction are rarely economic.

The report costs £300 and is obtainable from Industrial Aids, *Terminal House, 52 Grosvenor* Gardens, London SW1W 0AU (01-730 5288).

● METALWORKING

Water-based cutting fluids

INTEREST in the application of water-based synthetic cutting fluids for metal-cutting machining operations has grown recently, advantages in respect of health, environmental considerations, useful life and economy being important arguments in their favour.

On the other hand, difficulties in application in relation to lubrication, maintenance and compatibility of materials have hindered their universal acceptance. Hitherto, there has been very little information published on this subject but, following a conference organised by the Machine Tool Industry Research Association earlier this year, the papers presented and the subsequent discussions have now *been published to make the* information more widely available.

At the conference it was clear that, in view of the increasing emphasis on health and environment in the metalworking industry, synthetic cutting fluids have *considerable potential*. Although their performance in terms of their effect on tool life, surface finish, etc., is often not greatly superior to that of other fluids, the information presented in the papers and discussions shows that their use is increasing steadily.

However, it is apparent that wider use will demand more effective co-operation between machine manufacturers, cutting-fluid suppliers and suppliers of materials such as paints, seals and covers to overcome the problems involved.

These problems are discussed in the proceedings of the conference which include contributions from the suppliers of the fluids, observations by suppliers of materials and components (including covers, paints and seals) and the experiences of the machine tool designers and users.

Bound copies of the proceedings can be obtained at £9.50, *Hulley Road, Macclesfield,* Cheshire SK10 2NE (0625-25421), cash with order, from MTIRA.

● SOFTWARE

Gemini's star in the ascendant

AFTER some six months of uncertainty, the future of Gemini Computer Systems in the U.K. has now been clarified by the parent companies, CAP Europe and Gemini Inc.

At a Press conference last week it was announced that Mr. Alan Rousell (formerly head of Dataskil) would be the general manager of Gemini in the U.K. and be responsible for all facets of its work.

The company can now go ahead with fresh impetus and will undoubtedly benefit from close working with a world group of software specialist companies now having a turnover of $50m., which is very considerable for this area of business.

In one way or another, the company is linked with such organisations as CAP Sogeti, its parents, SIA and Isis which can only make for strength at a time when so many industries appear to be able to think of retrenchment.

Alan Rousell, speaking of present conditions in the market, indicated that the services and software industries were holding up well because computing was now not one of the activities which was automatically chopped down in a period of recession. On the contrary, management now believed that more efficient use of computer power could help to provide better resource utilisation and improved forecasting of trends.

Uncertainty

Gemini was already recovering from the uncertainty — and the business loss — which had followed the difference of opinion between CAP U.K. and CAP Europe as to its future and intended to diversify into a number of areas including probably facilities management and to present further packages—selling of the latter to be organised across frontiers so that each could be sold by the specialist rather than the national salesman have a whole repertoire which he might not fully understand.

CAP Europe and Gemini offices in Europe are moving into close collaboration while retaining their identities and now form a $20m. a year multi-national. They are reorganising strategy to bid with greater chances of success for the anticipated pan-European systems which are to be installed over the next several years.

Meanwhile, it is clear that Gemini's overseas associates want to see it so that U.K. expertise in software can be made available everywhere.

Gemini Computer Systems is at 01-405 5071.

● OFFICE EQUIPMENT

Brings power to the secretary's desk

ANYONE FROM secretary to managing director can in a few minutes learn the method of using new transaction processing equipment which will make light work of all the data flow for quite a large company.

"Reality" is the name chosen for the on-line system which is literally run from its transaction terminals—up to 32—and can have as much as 100m. bytes of information storage on magnetic disc.

ENGLISH is the name given to the operating language, which permits anyone to bring back processed data of any kind from store, and while many will quarrel with the use of this particular name since a number of research and development programmes are aimed at using "plain English" communication with computers, it represents a big advance in that there is considerable degree of liberty provided in the use of synonyms and symbols represented by them, as well as a great simplification in commands to the central processor.

Computer Machinery Company, a fast-growing British independent, is to market and support the equipment in the U.K., West Germany and the Middle East under an agreement with the originators: Microdata Corporation of Irvine, Cal.

The equipment, the company *believes, is a far better answer* to expansion needs than extending existing computers and is specially suitable for applications where a great deal of data subject to frequent changes has to be manipulated.

It joins the existing key-to-disc equipment sold by the company throughout Europe and which has gained for CMC the leading position in this rapidly growing sector of the data capture market.

Meanwhile, CMC is fast consolidating its position as a European entity wholly independent of Computer Machinery Corporation from which it originally sprang. The U.K. end of the operation, under James King and Bill Goates, marketing services manager and general manager respectively, gained its independence early last year and since then has bought out the German company while making preparations to do the same in France. These moves should be completed by the end of the year *when the European grouping will* go ahead with a renewed sales drive into EEC countries.

The acquisition of CMC in the U.S. by Pertec will not affect the trading relationship between the two entities, other than enhancing it, since CMC in the U.K. already has close links with Pertec.

But the addition of Reality to the European equipment repertoire could grow CMC in Europe away from the marketing area in which it first began.

CMC is at Maxted Close, Hemel Hempstead, Herts. (0442 61266).

● TEXTILES

Transfer print on blends

PRETREATMENT for polyester/cotton fabrics, in order that they may be transfer printed, has been evolved by British Industrial Plastics (Turner and Newall) in conjunction with dyestuffs and ink manufacturers and other textile organisations.

Transfer printing is a process which enables a pattern to be transferred from paper to fabric. Until recently the process could not be applied to polyester/cotton fabrics as the colours lacked fullness and exhibited poor resistance to light and washing.

However, by use of a sensitising pretreatment, it is now possible to produce full, bright colours with satisfactory light and wash fastness on these blends. The pretreatment involves the use of two, specially developed "Beetle" *amino* resins manufactured by the Chemicals Division of BIP at Oldbury, West Midlands.

The process comprises pretreatment of the fabric with a sensitising agent (Beetle resins L.5155 and BT.333) together with a catalyst. The fabrics are passed through a finishing liquor and stenter-dried prior to transfer printing on calenders at temperatures of 215 degrees C for approximately 25 seconds.

BIP Box 11, Tar Bank Road, Oldbury, Warley, West Midlands. (021-552 1551.)

● ELECTRONICS

Source of high volts

FIVE MODELS are in the Mark II range of stabili[sed] high voltage power supplie[s] Brandenburg, 939, London [Road,] Thornton Heath, Surrey C[R] (01-689 0441).

Variable output of the [...] ranges from 0.5 to 5kV a[...] up to 6 to 60kV at 400 [...] amps. The output st[ability] against load changes is 2[...] per million, and against [...] voltage variation of ±10 pe[r cent] it is 10 ppm/degrees C.

Output is under close[r] control at all times and [...] varied from zero to full [...] output by manual coarse a[nd] controls on the front pan[el...] remote control facility in [...] the output is controlled [...] external voltage is availa[ble as] an optional extra.

Suitable for bench use [...] 19 in rack mounting, the[y] use plug-in boards for [...] servicing and all high [...] components are encapsulat[ed for] protection and to preven[t elec]trical breakdown.

● SERVICES

Bureau to use new ICL unit

TO-DAY Computel of Br[acknell,] Berks., becomes the fir[st com]mercial computer bureau t[o...] time on a large ICL 2900 ma[chine.] The facility is available to [...] of the bureau through a[rrange]ments made with W. H. [...] and Son, for access to th[e com]pany's machine installed [...] Swindon supply centre.

Computel, considers [...] major step forward fo[r...] service since it will now b[e able] to offer all organi[sations] interested in or committed [to the] 2900 the opportunity to t[...] the machine, to organis[e] training and/or carry [out] conversion.

Computel is on 0344 230[...]

هكذا من الأصل

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Building and Civil Engineering

n. office ·ck for ·own Life

HAS started on a new eadquarters at Woking, for Crown Life of

whole project will cost 25m. and it is expected e building will be ready upation in 1977.

E. Wiltshier has won the contract for which the ts are The Gollins Melvin artnership.

ight-storey building will 300 square metres of nd ancillary accommoda-cluding a computer suite, as kitchen and dining The building will be air-ned and carpeted out the office areas.

ctories Wales

'ELSH Industrial Estates ition has awarded a contract to George Wim- the construction of four factories which will art of the Tafarnaubach ial Development at ır, Gwent.

factory will be steel- the lower part of the ex- walls being in brick with or asbestos cladding above. The roofs are to have asbestos cladding.

The project includes mechanical and engineering services and external works covering roads, car parks, drainage, landscaping and fencing.

A number of contracts totalling £1m. have also been awarded to Wimpey by the Organics Division of Imperial Chemical Industries.

The contracts are at the Grangemouth works and call for 3-storey and 2-storey extensions to two plants, together with control block and boiler house and a 2,700 square metre warehouse.

Offices and shops in Coventry

WORK HAS begun on a £1m. speculative commercial development in Greyfriars Lane, Coventry, for the City Council.

John Laing Construction is building a four-storey U-shaped structure round a central court-yard, with shops and offices on the ground floor and more office space on the upper floors. There will be 56,000 sq. ft. of offices and the shopping area will total 3,800 sq. ft.

Construction calls for a reinforced concrete frame with woodwool formers in slabs, and cladding will be brickwork and curtain walling with metal framed windows. Work has started and completion is due in February 1977.

Bowey gets over £1.8m. orders

CONTRACTS worth more than £1.85m. have been awarded to the Bowey Group of Gosforth, Newcastle upon Tyne.

Ralph Bowey and Son, the main building company, has got most of the work which includes a radiology department at the Royal Victoria Infirmary, Newcastle (£109,000), houses and flats for the Cheviot Housing Association (£518,000) and flats for old people for the Anchor Housing Association (£250,000).

Also ordered are two advance factories for English Industrial Estates (£255,000) and further work at Moorhouse School, North Shields for North Tyneside Metropolitan Council (£150,000).

New work worth over £213,000 has been secured by William T. Wallace and Son, while Internal Building Services has won contracts worth more than £162,000.

Further contracts totalling over £100,000 have also been won by other subsidiary companies including Gosforth Joinery Works, Gosforth Painters, Greener Engineering Services and J. Ward (Electrical).

Aggregate bonded to damp walls

A WATERPROOF adhesive bedding mastic that will bond exposed aggregate finishes and brick slips to damp or dry substrates is available from Unibond, Tuscam Way, Camberley, Surrey GU15 3DD (0276 63135).

Called HydrEpoxy 104, the mastic's main advantage is that it enables finishes to be applied to newly-built walls and newly-cast prefabricated wall panels while they are still drying out. It also allows waterproof decorative renderings to be applied to walls affected by severe driving rain.

It is a two-part system and is prepared by mixing aqueous dispersions of resin and curing agent with an equal volume of sharp sand. Because the material is dispersed in water, rather than in chemical solvents, it is easy to mix and apply and can be washed from tools and equipment with warm water and detergent, says the company.

A 10-litre mix will cover an area of about 1.5 sq. metres to a thickness of 6 mm. Brick, concrete, asbestos cement and timber are among the materials to which finishes can be bonded.

Vibrating compactor attachment

A HYDRAULICALLY operated vibrating compactor, and pile or sheeting driver, for attachment to hydraulic excavators has been introduced by Consolidated Pneumatic Tool Co., Fraserburgh, Aberdeen (Fraserburgh 3131).

Available in two models to give an impact force from 6,400 to 10,250 psi at 2,000 and 1,900 cycles/minute respectively, the equipment, called the Ho-Pac, is intended to achieve high density compaction to the order of 95 per cent in lifts from 2 to 4 ft., according to material and at rates of up to 50 and 110 cu. yds./hr.

It will also drive steel and timber sheeting and piles in a variety of soil conditions.

Bungalows in Bahrain

KHARAFI—Guildway Homes of Kuwait—has been awarded a contract by the Government of Bahrain worth £1.5m.

The contract calls for 75 America Line bungalows, and they are to be built in Isa Town, Bahrain, as Stage 1 of the Government's housing scheme.

The bungalows will be manufactured at the new Kharafi-Guildway factory in Al Khobar, Saudi Arabia.

Homes to be improved

REDDITCH District Council has awarded Tarmac Homes a £427,000 contract to carry out improvements to 170 dwellings on its Sillins Estate.

Work to be completed, during a 39-week period, will comprise the complete refitting of kitchens and bathrooms with repairs and decorations.

Concrete at the right moment

ONE OPERATOR can load the basic materials, mix and transport concrete to the right place at the right time using the Airone 3500 four-wheeled mobile concrete mixer introduced by Ultranazz (Importers and Exporters), 11 Market Place, Chalfont St. Peter, Bucks. (Gerrards Cross 85744).

Providing an alternative to the purchase of ready-mixed concrete, the unit can provide up to 3½ cubic yards in under 20 minutes. It should prove particularly useful where access for large delivery vehicles is impractical.

Ultranazz claims that, taking into account the cost of materials, the operator's time and the cost of running the machine, the self-mixed concrete is one third less expensive than ready-mixed.

The mixer drum's variable speed drive and tilt are hydraulically driven, as is the self-loading shovel. Also built into the machine are a water tank and hydraulically driven water pump for injecting measured quantities of water after the aggregate and cement have been loaded. Weigh batching can be provided.

Compressors go quieter

NEWLY launched is a series of oil flooded rotary screw portable compressors with capacities from 140-335 cfm. Four capacities, each of which is available in three models silenced down to 70dB(A) at seven metres, are specified by the maker, Atlas Copco.

The compressor unit represents an advance in the development of the rotary screw system and a new rotor shape, designed by computer, is claimed to overcome previous problems of blow hole leakage.

Standard XA is an unsilenced machine which is still substantially quieter than traditional compressors, Atlas asserts. XAS Silensair is silenced to 75dB(A) at seven metres and is suitable for work in most urban areas where it will meet noise regulations. XASS Super Silensair is one of the quietest machines on the market. It produces a certified 70dB(A) at seven metres. This compressor is ideal for use in "noise sensitive" areas such as town centres, outside hospitals and other public buildings.

The XA range is fitted with Perkins water-cooled engines as standard equipment although Deutz air-cooled engines are available, as options, on all models. Both engines are suited for use on silenced machines as they have the capacity for continuous working at temperatures of up to 45 degrees C above ambient.

Structural steelwork ordered

AN ORDER for the supply, fabrication and erection of 700 tons of structural steelwork for the new training headquarters of the Royal Engineers to be built at Hawley near Farnham, Hants., has been placed with Bourne Steel.

A wide range of buildings are covered by the contract including an educational block, sports complex, social centre, officers', sergeants' and other ranks mess, training theatre, technical cinema and medical centre.

The contract, worth about £300,000 has been placed by Higgs and Hill, the main contractor, in conjunction with the Department of Environment, Chessington, Surrey.

Copper masonry fixings

TO GUIDE design engineers and architects in their selection of appropriate materials and designs for copper and copper alloy masonry fixings, Technical Note TN21 has been published (free) by the Copper Development Association, Orchard House, Mutton Lane, Potters Bar, Herts., EN6 3AP (Potters Bar 50711).

The publication includes tables of mechanical properties and maximum working stresses of copper and its alloys; details of materials and their relevant standards; and an illustrated section on types of fixings.

Draining off the water

UNDER A contract worth more than £500,000, Sigmund Pulsometer Projects Limited, a member of the SPP Group, is to supply pumps for a surface water pumping station at Beckton, for the London Borough of Newham, as agent for the Thames Water Authority.

Sump model tests for the new station, which is of an unusual circular configuration, have been successfully completed in the SPP laboratories at Reading and construction of the eight 90mm bore vertical mixed flow pumps, is now under way.

The overall scheme has grown from a plan conceived some ten years ago to rehouse 12,000 people in the borough in a new development in the Beckton area. A fundamental requirement of the scheme was the elimination of the problem caused by the surface water of the area which collected in a network of water-courses—the remnants of the old Beckton marshes—and only discharged into the Thames at low tide.

Consulting engineers are A. P. Mason Pittendrigh and Partners.

Lighting the site

SITE AND mobile floodlighting equipment will be featured on the stand of Simplon Interline Trading Co., at the Interbuild Exhibition in London next month, including two new items.

The first is a Sonlite lighting gallery for use with the 60 ft. mast of the Trailalite TL60, doubling the present light output. It has four 1,000 W high pressure sodium lamps giving a total output of 460,000 lumens. Reflectors have been designed for maximum spread with minimum glare.

For builders who want a floodlighting unit which will convert into a mobile generator, the company is introducing the Maxilite. A feature is that its air-operated telescopic mast, which can be raised to 25 ft., can be unbolted leaving a 2.5 kVA trolley mounted generating set. It is powered by a 6 hp Farymann K14 diesel engine, and can operate at 100 or 220 V. The mast carries two 1000 W tungsten halogen lamps with a total output of 44,000 lumens. The maker is at Longfield Road, Tunbridge Wells, Kent, TN2 3HW (0892 37611).

Another company which is introducing a site floodlight is Wysepower, Drove Road, Everton, nr. Gamlingay, Sandy, Beds., SG19 2HX (0767 50011).

For internal or external use, the 21 ft. high mast weighs only 25 lb. The mast is in either three or four aluminium alloy tube sections, supported by a tripod assembly.

Requiring a 110V supply, the unit is fitted with two 500 W tungsten halogen lamps.

BSP piling ideas for the Arabs

A FURTHER significant step in the efforts of BSP International Foundations to capture a bigger share of the immense potential Middle East market for specialised construction equipment has been announced by the company, a member of the Edward Le Bas Group.

Orders worth about £1.8m. have been received from Egypt from two Arab contracting companies, Osman Ahmed Osman and the Arabic Company for Foundations (Vibro).

The orders are for eight vibro plants together with three B25 double-acting diesel pile hammers and 11 diesel pile extractors. The company says that two of the vibro plants being supplied to the Arabic Company for Foundations (Vibro) are fitted with preboring augers driven off the power pack.

The system represents a new departure for BSP, as the augers are driven by a hydraulic motor which takes its power from the rig power pack. The motor propels a continuous flight auger which cuts a hole approximately the same size as the vibrotube. This allows difficult upper ground layers to be pierced quickly by the vibrotube before it is driven to a set in the lower soils which have the correct loadbearing strengths.

The order is a result of two years' negotiations between BSP and the two clients and the company regards its success as a breakthrough in a market of major potential. While BSP says the market at home for its equipment and piping is "far from dead," the emphasis for the present is very much on overseas markets, to the extent that it envisages difficulty in finding sufficient shipping space to get its piping abroad.

As part of a drive to expand overseas markets, the company is this week staging a three-day conference on vibro-piling techniques at its Claydon, Ipswich, headquarters. Present will be users of the company's systems operating in 13 nations and BSP hopes the exercise will eventually lead to further orders.

Apart from the Middle East, the company sees South America as its next major market, where extensive plans for mineral development could lead to substantial business. Brazil and Ecuador are considered the most likely countries for early sales successes.

Mr. Michael Cummings, chief executive of BSP, says that although the company is reasonably happy with the home market "which is standing still rather than nosediving," it expects to increase the penetration of its systems and products into numerous overseas markets, despite competition from Germany, Japan and the United States.

MICHAEL CASSELL

£5½m. jobs awarded to Hardstock

THREE Contracts totalling more than £5½m., and involving the building of nearly 600 houses have been awarded to Hardstock, a subsidiary of Babcock and Wilcox.

In Nethan Street, Govan, 194 dwellings, valued at just over £2m., are to be built for Glasgow District Council, while 211 dwellings, garages and community facilities are to be constructed for Cumbernauld Development Corporation at a cost of £2.2m.

The third contract is for 177 homes at Cranford Drive for Peterborough City Council at a cost of over £1.3m.

IN BRIEF

● Two contracts, one for houses and the other for roads at Crawley, Sussex have been awarded to G. T. Crouch. Total value is over £2.3m.

● Cementation Piling and Foundations is carrying out a £200,000 contract for the modernisation of the Sunderland shipyard owned by Austin and Pickersgill. Over 500 large diameter bored piles carrying loads of up to 1,800 kN per pile are being constructed.

● Fuller Hall and Foulsham, in conjunction with the Australian practice of Meldrum Burrows and Partners have set up an architectural practice in Riyadh, Saudi Arabia.

·NTRACTS AND TENDERS

NOTICE OF TENDER

Supply of Equipment

I. Customer Meter/Regulator Stations

I. City Gate Stations

agas—Radna Organizacija Transporta, Prerade, Primene 1 ·eta Gasa—Novi Sad, has received a loan from the Inter-nal Bank for Reconstruction and Development in various encies equivalent to U.S. dollars 59.4 million toward the of a natural gas gathering, transmission and distribution ect in Yugoslavia, known as the "Naftagas Pipeline ect Yu-916" and it is intended that the proceeds of the will be applied to payments under the contract or con-s for which this notice of invitation to bid is issued. panies or organizations having the capability experience standing to supply, c.i.f. Yugoslavia port or Yugoslavia er, the following material are invited to bid:

18 Measuring and Regulating Stations for working pressure 720 PSIA

39 Measuring and Regulating Stations for working pressure 275 PSIA

are requested for individual items of equipment and/or plete skid mounted stations.

ubmitting their offer, the bidders will be required to state r manufacturing and marketing references for the last five s with evidence of their financial standing for the past ness year.

es of the Tender documents can be obtained from:

"NAFTAGAS"—RO "GAS"
NARODNOG FRONTA 45/1
NOVI SAD, YUGOSLAVIA

n payment of Dinars 50,000.00 in Yugoslav currency to ., Filijala Novi Sad, Account No. 65700-601-4938 or equiva-in foreign currency to the Vojvodjanska Banka, Novi Sad, ount No. 65700-620-219-32000/248.

der documents can be obtained against deposit receipt n October 10, 1975.

closing date of the bids is 12.00 hours Yugoslav time on ember 26, 1975.

bids will be opened at 10.00 hours on December 1, 1975 the offices of Naftagas—RO "Gas"—Radna Zajednica Za esticije, 21000 Novi Sad, Narodnog Fronta 45/1, Room 130 ugoslavia.

ll information available at telephone number (021) 21-677

NOTICE OF TENDER

Supply of Coating and Wrapping ·laterial for Underground Gas Pipelines

ftagas—Radna Organizacija Transporta, Prerade, Primene 1 ometa Gasa—Novi Sad, has received a loan from the ernational Bank for Reconstruction and Development in ious currencies equivalent to U.S. Dollars 59.4 million ard the cost of a natural gas gathering, transmission and tribution project in Yugoslavia, known as the "Naftagas eline Project Yu-916" and it is intended that the proceeds the loan will be applied to payments under the contract or ntracts for which this notice of invitation to bid is issued. mpanies or organizations having the capability experience d standing to supply, c.i.f. Yugoslavia port or Yugoslav rder, the following material are invited to bid:

—Approximately 1,000,000 sq. m. of plastic tape with primer and outer wrap

ds are requested for a part of the material and/or complete terial.

submitting their offer, the bidders will be required to state eir manufacturing and marketing references for the last five ars with evidence of their financial standing for the past siness year.

pics of the Tender documents can be obtained from:

"NAFTAGAS"—RO "GAS"
NARODNOG FRONTA 45/1
NOVISAD, YUGOSLAVIA

pon payment of Dinars 10,000 in Yugoslav currency to SDK lijala Novi Sad, Account No. 65700-601-4933 or equivalent in reign currency to the Vojvodjanska Banka, Novi Sad, ccount No: 65700-620-219-32000/248.

ender documents can be obtained against deposit receipt om October 10, 1975.

ne closing date of the bids is 12.00 hours Yugoslav time on ovember 3, 1975.

he bids will be opened at 10.00 hours on November 6, 1975 the offices of Naftagas—RO "Gas"—Radna Zajednica Za vesticije, 21000 Novi Sad, Narodnog Fronta 45/1, Room 130 Yugoslavia.

All information available at telephone number (021) 21-677.

REPUBLIC OF ITALY

CASSA PER IL MEZZOGIORNO

SPECIAL PLAN FOR THE ELIMINATION OF POLLUTION IN THE GULF OF NAPLES

INVITATION FOR TENDERS

for the assignment of the executive planning, execution and biennial administration of the sewage works and pertinent purification plant in the Provinces of Caserta, Naples and Salerno.

DIRECT MANAGEMENT

a) In order to realise the objectives of the Special Plan for the Elimination of Pollution in the Gulf of Naples, the CASSA PER IL MEZZOGIORNO must provide, amongst other things, for the construction of sewage works installations and the pertinent purification plant.

b) The subject of the present Notice is the execution and biennial administration of the foregoing works in the Provinces of Caserta, Naples and Salerno, subdivided into the following seven lots and described in the several plans forming the integral part of the Invitation for Tenders.
1. Napoli Est—Purification Plant and sewer trunk line network (Lot PS3/145).
2. Napoli Nord—Purification Plant and sewer trunk line network (Lot PS3/144).
3. Caserta Area—Purification Plant and sewer trunk line network (Lot PS3/147).
4. Salerno Area—Purification Plant and sewer trunk line network (Lot PS3/141).
5. Middle Sarno Valley Area—Purification Plant and sewer trunk line (Lot PS3/142).
6. Upper Sarno Valley—Purification Plant and sewer trunk line network (Lot PS3/143).
7. Sewer trunk line network and drains for service of the purification plant at the outlet of the Regi Lagni (Lot PS3/146).

c) Assignment shall be by tender to be made either by groups of enterprises which qualified in the trial in accordance with the Notice published in Supplement No. 10 of the Bollettino dei Lavori e degli Appalti della Cassa per il Mezzogiorno dated 16-6-1974, or by newly constituted groups. Newly constituted groups—which can have a form chosen by the Bidders in such a manner as to exclude that any Enterprise be a member of more than one group—are to be composed by no less than three enterprises in the case of tender for the contracts for Lots 1) to 6) inclusive, and by no less than two enterprises in the case of Lot 7) in possession of the qualifications and status required as stated in the Notice.
Enterprises which are specialised in the construction of purification plant may have their offices in the European Economic Community Area.
Should the number of enterprises composing the group be higher, qualifications requested for two or three enterprises remain fixed and the other enterprises can have their registered office in the European Community Area.
The tender shall be made as specified in the complete text of the Invitation of Tenders and the provisions of the plans stated in paragraph b).

d) The Tender must be delivered at the Cassa per il Mezzogiorno, Servizio Affari Generali e Contratti, Piazza John Kennedy, 00144 ROMA by 13.00 hours of the thirteenth calendar day following the publication of the invitation in the Bollettino dei Lavori e degli Appalti della Cassa per il Mezzogiorno.
Information concerning the present Invitation shall be published in the Official Gazette of the European Economic Community.
The full text of the invitation and the plans referring to it may be inspected at the offices of Cassa per il Mezzogiorno—Direzione Generale—Progetti Speciali per la Campania—Via Cinzia, Parco San Paolo, Is.21—NAPOLI, and may be supplied to bidders on request against reimbursement of 100,000 (one hundred thousand) Italian Lire expenses for each copy of the plan.

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MONDAY, OCTOBER 13, 1975

An unorthodox summit

ONE OF the traditional rules of thumb about international diplomacy is that high-level meetings ought not to be publicly staged unless they are thoroughly prepared and likely to produce comparably striking results. In the case of the six-nation economic summit which is to be held on November 15, this orthodox precept is being disregarded. By the time that date arrives, officials will have held two preparatory meetings.

But, in view of the broad sweep of the subjects on the agenda, from energy and raw materials to trade and currency problems, and from the plight of the developing world to the recovery from the world recession, it seems improbable that the six Governments will be able to agree in the course of a three-day meeting on any startling new initiatives.

Intractable

The holding of the summit should not for that reason be deprecated, on the grounds that it would arouse hopes which may then be disappointed. Most people are aware that the problems on the agenda are too new and too intractable to be susceptible of any magical solutions, and that the international element in the economic difficulties facing all countries individually calls for international discussion at the highest level. Summitry has in any case become so familiar a feature of international diplomacy that it no longer raises exaggerated expectations; if the paucity of results stemming from the now regular series of European Community summits causes disappointment, it does not yet cause so much disillusionment with the Community as to call for a discontinuation of the summit meetings.

From the point of view of the British Government, one of the major aims of the meeting will be to exert pressure on other countries with strong economies, notably the U.S., to do more to lead the world out of recession—or at least to give the impression to the British electorate that it is exerting such pressure. Since 1976 is election year in the U.S., President Ford will be under much greater domestic pressure for a strong economic recovery than Mr. Wilson can exert, and Mr. Ford's proposal for tax cuts in exchange for expenditure cuts already shows which way he is moving. But by the time the summit is held, the Americans will be able to point to evidence of a rapid upturn during the third quarter of this year, and will not wish to appear to be adjusting their economic policy to suit foreign countries.

Import controls

The implicit anxiety of the British Government, that it may be obliged to introduce some import controls if it is not saved by a rapid world recovery, is likely to be seen in the broader context of the growing wave of trading disputes between the U.S. and the European Community. No major progress on the GATT trade talks is expected for some considerable time, and one of the top priorities for the summit must be to head off any danger of a trade war between the industrialised countries.

But where the problems of trade and of economic recovery meet most intimately is in the predicament of the developing world, whose recession could well undermine the upturn in the industrialised world. Dr. Kissinger has already launched an imaginative proposal for a new aid fund, and the summit should enable the industrialised countries to carry their collective thinking on this subject a stage further, in advance of the meeting between oil producers and consumers.

Balancing the flow of home loans

THE LATEST figures show that the building societies are still managing to perform the difficult trick of providing a sufficient flow of funds for house purchase so as to maintain a reasonably high level of sales activity in the private sector without at the same time setting off another massive upsurge in house prices. The net inflow of funds from the public during September was a comfortable £276m., rather less than the embarrassingly large amounts that flowed in in April and May but well up to the high levels of the rest of the year. Together with the interest which was credited to depositors' accounts during the month and capital repayments by existing borrowers, the total amount available to the building societies for lending in September was £540m.

Avoid pressure

This was somewhat more than the £490m. the societies committed in new loans to house purchasers during September and the £445m. that they actually lent. But the movement and the Department of the Environment both consider that new lending should currently be held to about £450m. a month if pressure on house prices is to be avoided. This rate of lending has been sufficient to finance almost half a million house purchases during the first nine months of the year, or about 60 per cent. more than in the depressed market conditions of last year and marginally more than in the boom years of 1971 and 1972.

These figures hardly support recent criticisms about building society lending policies being unduly restrictive. On the other hand, the amount which the movement is currently putting into the housing market does not appear to be leading to any acceleration in house prices. Accounts of recent movements in house prices differ in detail but they all point to a fairly modest rate of increase, even at the lower end of the housing market where the revival in activity has been strongest, and certainly one that is much smaller than the current rate of increase in building costs and retail prices, while among the more expensive houses prices still seem to be falling or, at best, are running well below the peaks reached two or three years ago.

Up to a point it is perhaps fortunate that stocks of both new and second-hand houses are still comparatively high as these have undoubtedly acted as a restraining factor on prices. As the latest figures indicate, the demand for home loans has been remarkably strong considering the economic situation and the double impact of inflation and the £6 a week pay ceiling upon disposable incomes. No doubt the present level of demand can in part be explained by the recent cut-back in local authority mortgage lending and also by the back-log of pent-up demand from earlier months. But loans for newly-built houses are now accounting for barely a fifth of all new building society advances, which is about half the normal proportion; and, though private sector starts are running about a third above last year's extremely depressed level, the present rate of new construction is still substantially below the 1972-73 peak and speculative house-builders are unlikely to regain confidence, in the present highly uncertain situation, until they have made further progress in clearing off their stocks of unsold houses.

No easier

This is why builders are urging the building societies to release a larger flow of funds for house purchase. The societies' liquidity ratios—which now average about 20 per cent. as against the more normal 15 per cent.—are certainly high, but an increased volume of advances could well lead to higher house prices before it generates an increased supply of new houses. On the other hand, the movement may need its reserves if receipts from depositors deteriorate. The societies' rates are still highly competitive, even after the latest increase in interest rates, but the present situation is full of uncertainties. So far the building societies appear to have hit broadly the right balance, but their task is unlikely to become any easier.

Malcolm Rutherford on the omens for the consumer-producer dialogue which re-opens in Paris to-d

A mixture of tactics for the renewed numbers game

WHEN the consumer-producer dialogue opened in Paris last April, it was a flop. The prospects for the revival, which opens in Paris to-day, are better, but still mixed. It is still not certain whether officials will succeed in preparing the way for a full Ministerial conference in December, nor, if they do, whether the dialogue will produce any positive results. Indeed it is entirely possible that it will do more harm than good.

Originally a Saudi Arabian idea, the dialogue has its roots in the rise in oil prices and the assertion of oil producer power at the time of the Yom Kippur war in October, 1973. It came to life when it was adopted by President Giscard d'Estaing of France, who took it on himself to call a preliminary meeting of oil producers, consumers and developing countries. That was the abortive Paris session of last April. It failed partly because it was ill-prepared, partly because the consumer countries were divided, and partly because the producers insisted that the dialogue should include other subjects as well as energy. Almost all that was agreed was that it would be resumed later in a wider forum.

A seat of its own

The original participants were the U.S., Japan and the European Community (the last acting as one) for the consumers; Brazil, India and Zaire for the developing countries; and Algeria, Iran, Saudi Arabia and Venezuela for the producers. A broad formula was established that participation in the full conference would be raised to around 27, of which 19 would be developing countries and oil producers (probably in the ratio of 11 to 8) and eight would be consumers, again with European Community acting as one, though Britain, as we shall see, reserved the right to claim a seat of its own.

The meeting, which opens at official level in Paris to-day, includes only the original ten participants, however. Their purpose is to prepare the way for the opening of the expanded conference at Ministerial level in December, taking into account all that has happened since their first meeting proved so unsuccessful. That means a great deal, some of the developments in the past few months having been conducive to a dialogue, and some less so.

The first sign of an improvement in the atmosphere came in a speech by Dr. Henry Kissinger, the U.S. Secretary of State, in Kansas City on May 13. "The U.S." he said, "wants to say now that it is prepared to attend a new preparatory meeting . . . Our own thinking on the issue of raw materials, and the manner in which it can be addressed internationally, has moved forward." Dr. Kissinger thus acknowledged that the U.S. was ready to accept the demand of the oil producers and developing countries that other raw materials apart from oil should be placed on the Paris agenda. He also called for the inclusion of food aid, thereby going some way to meet the demand that, along with energy and raw materials, the dialogue should extend to aid in general. Subsequent American statements further accepted a call, mainly from Saudi Arabia, for the inclusion of a fourth subject—financial and monetary questions.

Hard to know what it is

Not all American speeches, however, were as positive as that of Kansas City. It was plain that Dr. Kissinger was having extreme difficulty in taking the rest of the Administration with him. Mr. William Simon at the Treasury, in particular, remained sceptical, and even some of Dr. Kissinger's own speeches suggested that he was having second thoughts himself. U.S. policy, indeed, was presented by so many voices that it became—and remains—hard to know precisely what it is.

Yet, on the positive side, the main breakthrough came at the United Nations seventh special session on development and international economic co-operation last month. The session had been expected to be a shouting match—like the sixth special session in April last year where the third world, led by Algeria, had launched its call for the New International Economic Order and Sheikh Yamani of Saudi Arabia had first proposed the consumer-producer dialogue, only for this particular idea to be lost in the general rhetoric.

In fact, the seventh session turned out to be surprisingly harmonious, partly because the European Community had done a great deal of homework and partly because the Americans too decided that many of the third world demands for economic reform were at least negotiable. There was still plenty of evidence of the Treasury and the State Department failing to see eye to eye, and there were some strong U.S. reservations to the final document, but the end result was agreement on a single resolution which amounted to an agenda for reform. The next steps were seen at the OPEC meeting in Vienna last month and the resumption of the consumer-producer dialogue this week.

From the consumers' point of view, the results of the OPEC meeting—a 10 per cent. rise in oil prices from October 1 to be followed by a freeze until the end of next June—were marginally better than expected. For the Americans, however, any rise in oil prices was probably enough to revive doubts about the wisdom of the dialogue, and the OPEC meeting also produced some surprises. Iran, for instance, came into the open as one of the producers demanding a much higher increase. Algeria, for reasons not yet fully known, joined the moderates. The Saudis at one stage threatened to use their vast oil power effectively to wreck the cartel. In the end, the cracks were papered over, but the sight of OPEC publicly quarrelling was new. It was also notable that some of the non-oil developing countries, such as India, were openly resentful of the price rise. Previously the Group of 77, which combines the oil producers and the rest of the third world, had kept its internal disagreements private. It now appears that it is perhaps not so united after all.

There are other signs, too, that the atmosphere may have soured again since the special session. In West Germany there has been something of a political outcry that the country failed to go along with the Americans in their reservations—mainly about indexation and the link between development aid and the creation of new Special Drawing Rights—to the UN resolution. Again, Mr. James Callaghan, the British Foreign Secretary, shocked the rest of the European Community last week with his statement that Britain was insisting on its own separate representation at the dialogue. The danger here is that it will upset the carefully established balance between consumers, producers and developing countries.

Three key figures in the consumer-producer talks which start to-day are (left to right) Mr. James Callaghan, Britain's Foreign Secretary; Dr. Henry Kissinger, the U.S. Secretary of State; and Sheikh Ahmed Zaki Yamani, Saudi Arabia's Minister of Oil. Britain—as a future producer—and the U.S. would prefer the price of oil to be kept high, while Sheikh Yamani has had a moderating influence on the producer side.

Likely to cast a shadow

Not least there has been the Amin incident—bizarre enough in itself, but a sign of the extreme sensitivity of the third world. President Idi Amin of Uganda put on an extraordinary performance at the UN General Assembly. The U.S. Ambassador to the UN, Mr. Daniel Patrick Moynihan, reacted by quoting the *New York Times* which had called Amin a "racist murderer." The Africans, who had been embarrassed by his performance, immediately came to his aid and attacked Mr. Moynihan for an affront to Africa. This kind of incident is always likely to cast a shadow over a dialogue with the third world.

Yet the greatest reservation about the dialogue is that much of its work can be done, and is already being done, elsewhere. This goes for every subject except energy, which was what the dialogue was originally intended to be about but on which so far there have been precious few ideas and no sign of a meeting of minds between consumers and producers. The other subjects are raw materials, which is now largely a matter for the United Nations Conference on Trade and Development (UNCTAD); development aid, which belongs as much as anywhere to the World Bank and other UN agencies; and financial and monetary questions, which are, traditionally, the prerogative of the International Monetary Fund.

The officials who start meeting in Paris to-day have first of all to agree on procedural matters, but even this will not be easy. For one thing, they have to ratify the numbers formula under which it was agreed to move on to a full conference with about 27 countries represented. The actual team selection does not have to be made until shortly before the full meeting, and on the consumer side will probably be done within the OECD. But if the consumers are limited to eight members and Britain sticks to its demand for a place of its own, there will be serious problems. Two places go, obviously, to Japan and the U.S. If Britain gets its own place, other Community members will presumably want the same—West Germany, France, Italy and, as a major energy exporter, Holland. That leaves one place for such contenders as Canada, Norway, Sweden, Austria, Spain, Turkey and no doubt others who think they should be there—a near-impossible situation. It is not known whether the Group of 77 has managed to solve its own problems of trying to fit a quart into a pint pot.

It is also possible t[...] numbers game will c[...] again in deciding on th[...] bership of the four com[...] which will be set up to d[...] the various subjects. [...] each country be represe[...] each commission or sh[...] procedure be much mo[...] tive? Other questions a[...] far should the com[...] have equal status? [...] stricted should their t[...] reference be? To whom [...] they report back? An[...] all, how is an overlap w[...] being done elsewhere t[...] vented?

One suggestion bein[...] with on the consumer [...] that the fourth commi[...] financial and monetary q[...] should be asked simply [...] the financial implication[...] proposals thrown up [...] other three. This is un[...] be acceptable to the p[...] and developing countri[...] ever, on the grounds t[...] do not have sufficient [...] the IMF and that the c[...] producer dialogue is t[...] where they want to ma[...] selves heard on the [...] international monetary [...]

Minimu[m] price

As for energy, basi[...] producers want to kee[...] price up and even ha[...] dexed to the price of [...] manufactured goods [...] developing countries, [...] suffered most from [...] crease, would like it [...] down, or at least to [...] tered from its effects; [...] consumers are divid[...] Kissinger some mon[...] proposed a rather hi[...] mum price for oil, but [...] clear what has happen[...] suggestion. Britain, as [...] oil producer, would p[...] price to be kept high [...] to ensure the viabili[...] from the North Sea. [...] major consumers do n[...] The U.N. resolution sa[...] nothing on energy. [...] best that can be hop[...] the full dialogue ge[...] way is that there w[...] general exchange o[...] allowing some commo[...] problems to be ident[...] pursued further.

That is, perhaps, to [...] rather a lot. It has not [...] established that what [...] like a good idea in th[...] work in practice. Every [...] favour of a dialogue, [...] are formidable obstacl[...] overcome and the d[...] that a dialogue which [...] be worse than none at [...]

The meeting which [...] day is optimistically fo[...] the French hosts to la[...] couple of days or so [...] grounds that, unlike [...] one, it has been caref[...] pared. Yet it will be s[...] if, towards the end of t[...] the delegates are not st[...] and remarkable if all [...] ness and light. The s[...] misunderstanding is e[...]

MEN AND MATTERS

Walker and Yeo head for Talbex

Talbex Group, a soap and toiletries company based on the fringe of Liverpool's dockland, perhaps lacks the glamour that accrued for a while to Peter Walker, ex Conservative Cabinet Minister, a determined Heath man, hardly a Thatcher favourite and patron of the new Tory Reform Group.

Nevertheless, Talbex represents another move back into business for Walker (he rejoined the Board of Adwest last March), though his involvement seems restricted to a holding of something under 10 per cent. of the shares; it is not planned he will take part in management. The active role will be taken by 30-year-old Tim Yeo, a director of Security Selection Group, which manages part of the Walker family money. Yeo was Walker's political assistant at the last election.

Through Rossminster Group, a merchant banking concern, Yeo and associates, including Walker, have bought 26 per cent. of Talbex, most of it from Channel International Bank and Somerston Shipping, a stake originally controlled indirectly by Fred Stebbing, once chairman of Talbex.

In 1973/74, £400,000 had to be provided by Talbex against doubtful loans and advances by the money-lending subsidiary, Dorchester Finance. "A substantial proportion" of potential losses there related to a company in which Stebbing was interested, according to his successor as chairman. After a year in the red, Talbex returned to profits in the operating months of the 1974/75 period. Yeo now goes on the Talbex Board, taking the well-used path from fund management to a quoted industrial company. As for Walker, it is maybe a bit of a surprise that after all these years he should be keen on the sort of deal which his old firm, Slater Walker Securities, made so familiar.

Heineken spirit

Heineken is identified in Britain with lager, but the Dutch group, one of the half-dozen biggest brewers in Europe, is hoping that the development of its spirit brands will be assisted by an intriguing link-up with a little-known London drinks business called Duncan Gilbey and Matheson.

Heineken has become a minority shareholder in DGM and, as is often the case where private companies are involved, very few details about the deal have been given. But Jan van der Werf, managing director and chairman of the European division of Heineken, hopes "the minority stake is just the beginning." He sees DGM as a possible "launching pad for the overseas development of our spirit brands." These are not well known outside the Netherlands but include Bokma, Coebergh and Hoppe brands. One thing that impressed Heineken was the way DGM has handled itself in politically-difficult Africa.

DGM was set up by Mark Gilbey, former Guards officer and a member of the Gilbey gin family. He controls the company but another shareholder is Walter Gilbey, one-time finance director of International Distillers and Vintners who resigned in protest when Watney took over. With the Gilbey gin business now under the control of Grand Metropolitan Group, DGM is the only international distilling concern still run by the Gilbey family. Ironically, Mark Gilbey only started DGM because he was precluded from joining the old Gilbey gin company by a recruiting tradition which meant that only the eldest son of the eldest son could enter the business.

Some while ago, I noted that the Iranian Ambassador in London had picked the letters PER for his number plate, thus invoking his country's old name to avoid some embarrassing initials. Not too hard to imagine whose number plate is reproduced above: it now belongs to Iran's sparring partner in OPEC, Saudi Arabia. The chauffeur to the Saudi Ambassador in London has apparently been keen to get the plate for his boss's Cadillac since he saw another limousine bearing BPO 1L.

Wallace's cash for '76

Governor George Wallace's visit to Europe, intended to endow his political image with a dimension of international experience and contact that it now lacks, comes at a time when his domestic organisation is already running at full steam towards the goal of next year's presidential election.

Wallace has already demonstrated his strength in the opinion polls and his ability to attract backers. According to the latest statistics, his managers have already been able to spend over $2.5m. on direct-mail fund-raising efforts. He is qualified under the new campaign legislation to receive matching funds from the Treasury, and in the meantime he has reported a current cash balance of some $660,000 with a year to go.

He faces formidable difficulties. It appears no more likely than in the past that the Democratic party as a whole would welcome him to the national ticket, whether as its presidential or vice-presidential candidate. If Wallace chooses to run as a third-party candidate, as he did in 1968, he could also run into trouble. It is still not clear whether former California Governor Ronald Reagan will challenge President Ford for the Republican nomination, or whether he, too, might consider running as a third-party candidate.

A final problem for Wallace is little discussed in public but is rarely absent from assessments of his political chances—his health. In part, the Governor's trip is undoubtedly intended to dispel speculation that he would not be up to the rigours of the Presidency.

Fitting

I have to confess I've been storing these up: At St. David's Hospital in Cardiff, the pollen count is done by Miss Elizabeth Pollentine; Bass Charrington's company secretary is R. F. Beer; the secretary of the Society of Dairy Technology is S. W. Stilton; and the Wildfowl Trust's new bird refuge near Ormskirk in Lancashire has as assistant curator Randal Sparrow.

But to my mind the best of this genre is the appointment to the Home Office's Criminal Policy Department of a Mr. Moriarty.

Observer

FINANCIAL TIMES SURVEY

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WEST GERMANY

West Germany's influence, both within the EEC and outside has grown swiftly in recent years, and it is playing a wider role in world affairs. The country has coped with economic recession better than most of its neighbours, albeit at the expense of relatively high unemployment.

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...licholas Colchester

Bonn Correspondent

...MARCH of world events ... the last five years has ... the Federal Republic of ...ny into maturity. For the ...us two and a half decades ... country had developed ... security of a fixed world ... Germany was part of a ... European community ... bi-polar world and was ... under the American um... . A fixed exchange rate ...1 allowed it to build itself ...o one of the world's most ...tant trading nations.

...ile Germany's salesmen ... everywhere, the thrust of ...reign policy was not so ...sive. Aside from its com...nt to Europe, this policy ...trated on the develop... of less strained relations ...he Soviet bloc so that the ...r that separated West and ... Germany might be ...ed and the tenuous posi...of West Berlin be made ... secure.

...ne had to pick a moment ... this concept fell apart ...uld be the day in 1971 when the fixed exchange rate system ceased to exist. Since that day, and some would say because of it, the economic climate has become more treacherous and West Germany has had to fend for itself and take its own initiatives. The EEC has creaked at the seams. The rise in influence of the oil and raw material producing countries has made the bi-polar world become multi-polar. The American umbrella can no longer be taken for granted and to some extent has had to be questioned as well.

This more independent Germany is a land of undoubted influence. It pays for 26 per cent. of the cost of NATO. It pays 30 per cent. of the cost of the European Community. Now that the industrialised world is in a recession it is to Germany's lead, alongside that of the U.S. and Japan, that the other countries look.

But West Germany's evident power is also fragile. Apart from coal and a little gas, Germany remains dependent on imports for all its raw materials. The compensating exports account for one-quarter of the country's gross national product. While in these uncomfortable times the U.S. can toy with the idea of a new isolationism, West Germany is utterly unable to batten down its hatches. It must stay open to the world and rely on its wits to stay afloat.

The result has been a blossoming of German foreign policy into one of West Germany's most remarkable achievements —as another article in this survey describes. The Chancellor, Helmut Schmidt, has criss-crossed Europe and the industrial world and tirelessly preached international co-ordination of economic policies and "interest rate disarmament." The Foreign Minister, Hans Dietrich Genscher, has continuously talked of the interdependence of nations in the modern world and of "co-operation instead of confrontation" between the developed and the raw material rich countries. Herr Genscher took this message to Africa and his Minister of State, Herr Wischnewski, took it to seven other key developing countries in a build up to the successful seventh session of the UN last month.

Visitors

That Bonn's peripatetic ministers were able to expand the scope of German policy so far beyond the horizons of the 1960s, and to give time to a flood of distinguished visitors back in Bonn was thanks to political and social peace at home. The next general election is now a year away and the preliminary sparring between the parties has already begun. But their differences are really very muted when compared with the ructions that consume Britain or Italy or even the U.S., to name only the milder alternatives.

The overriding message of the state elections in the past year has been the failure of extremist parties to benefit from a period of economic recession. The ruling Social Democrats have come out worst of the three main parties, but their coalition partners, the Free Democrats, have tended to do much better, with the result that the conservative Christian Democrats have always found new conquests held just beyond their grasp.

Not once in this measured political quadrille has there been a sign of centrifugal tendencies. All parties remain committed to the "social market economy," in which free enterprise, with worker involvement in management, is encouraged, the successful are allowed to keep their wealth, the unsuccessful or unfortunate fall back into a well-cushioned bed of social security for a rethink. Of course, there are differences of emphasis in this commitment between and within the parties. The question of *Mitbestimmung* (worker participation in management), the question of *Investitionslenkung* (Government guidance of industrial investment)—both are argued over in a high passion of principle. But the disputes involve small, if critical, variations from an accepted norm. Suggestions of nationalisation, in the British sense of the word, or of the return of industrial management to owners alone, would be greeted with horror at every point except the insignificant ends of the German poltical spectrum.

West German unemployment has now been over the 1m. mark for eight months, and yet it has not so far become a burning poltical issue. Both inflation and unemployment are supposed to inspire dread in West Germans because of their terrible consequences in the 1930s, and only two years ago unemployment of over 1m. would have been regarded as insupportable.

Exceeded

Yet the critical number has been exceeded and so far accepted without a tremor. Nor has the expected wrath descended, so far, on the country's 2m. guest workers. Much of the foregoing is qualified by the words "so far" and I will explain why later.

I must add that I have been saying "so far" for months now and that the social side of the "social market economy" as already earned honours in this recession for maintaining the social peace.

The most obvious blot on this peace has been recurrence of civil terrorism of what is collectively known as the Baader-Meinhof Gang. The two main events this year—the kidnap and ransom of a Berlin politician and the bloody siege in the German Embassy in Stockholm — were disturbing acts by any standard. Their significance was, however, greatly amplified by the indignant reaction of public and politicians.

These acts were doubly shocking, as are flaws in an otherwise perfect crystal. While it is alien to the terrorists' tactics to present cogent alternatives to modern German society, the average citizen feels deliciously cocooned in a web of permits, regulations, registrations and notifications. He has watched and approved as the rules of his existence in a free society are refined down to the last detail by painstaking process of logic. Woe betide those who should fly with wild actions in the face of this achievement.

The citizen is conformist and respects the "system." Yet this system is a model of slightly inelastic democracy. It is also a federal system, which ensures that Bonn's scope to develop as a central authority is limited. The citizen has great respect for the rule of law, and the older citizen has every historical reason for this. The murder of a judge last year by Berlin terrorists caused particular revulsion. When the rule of law is challenged the political leadership is expected to solidify in face of the threat. It was remarkable for British or French eyes to see leading Government and opposition politicians come together without a murmur in a "crisis staff" to deal with this year's two main acts of terrorism.

The last Chancellor, Willy Brandt, used to remind the people that he could not take their decisions for them but had, in a democratic system, to be guided by their will. Chancellor Schmidt is a different man. He would take every decision in German Government if he were physically capable of it. Decisions come easily to him and delegation does not. On an international plane his early appreciation of developing problems and the clarity with which he describes them have won him great respect. Herr Schmidt is respected in West Germany too, if in rather a chilly way. Within his own party he is clearly irreplaceable as Chancellor and will prove a tough obstacle for the Christian Democrats in next year's elections.

Urgency

As things stand at the moment these elections will be dominated by economic issues, for the recession has added a sense of urgency to the old ideological discussion of which way the *social market economy should* be developed. A later article describes in greater detail how an export slump has hurt the German economy and how industry hopes that an export recovery will improve matters. But the recession masks more fundamental developments. I spoke at the start of Germany's new maturity and do not limit the idea to Germany's foreign relations. There is also a maturity in the economy that has a less positive feel.

The capital investment of West German industry has been sliding downwards since the beginning of this decade without a pause, and is now running at one quarter below the 1970 level. At the same time corporate profit, the motor of investment, has fallen as a percentage of GNP from 13 per cent. in 1968 to 5.3 per cent. in 1974. The proportion of State spending in GNP has risen inexorably to 43 per cent. and now implies a structural deficit, even under boom conditions of 4 per cent. of GNP. These are developments that would seem to require more than one economic upswing to correct.

BASIC STATISTICS

Area	95,937 sq. miles
Population	62m.
GNP (1974)	DM995bn.
Per capita	DM16,050
Trade (1974)	
Imports	DM178bn.
Exports	DM230bn.
Imports from U.K.	£1.0bn.
Exports to U.K.	£1.9bn.
Trade (1975 to end June)	
Imports	DM88bn.
Exports	DM103bn.
Imports from U.K.	£601m.
Exports to U.K.	*£986m.*
Currency: Deutschemark	
	£1=DM5.34

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WEST GERMANY II

In a written interview, Chancellor Helmut Schmidt explains his continued confidence in economic growth, his optimism that the next upswing in Germany can be combined with relative price stability, and his belief that structural problems in the economy must mainly be dealt with by market forces. He criticises the European Community's farm policy, but maintains that in the long run a European foreign policy must cover defence questions.

The hopes of a realist

Growth is indispensable to rising social expenditure. This Government's cure for its financial troubles relies on a resumption of real growth. Do you still believe in the possibility of a "super boom," with inflation again emerging as the key enemy? Or is recession still your main worry?

Helmut Schmidt:

I have never believed in a "super boom." I have merely pointed out that for the first time since the war, the business cycles of all the major industrial countries are in phase. We have gone through recession together, and therefore we must be alert to the danger of inflation rates feeding each other during the upswing in a boomlike fashion.

What we all want and what we are all *striving for is an* upswing in conditions of stability. The Federal Republic already has the most stable prices in the world. We expect *to* be able to maintain stable price levels once the economy picks up again. Producer prices have hardly risen since the start of 1975. Consumer prices may therefore stabilise further.

Our industry is emerging from the recession with production capacity and productivity reserves to spare. During the upswing it will benefit from the cost advantages of improved capacity utilisation. There is thus no immediate necessity to pass on higher costs across a broad front.

Our trade unions have shown in the past a high degree of responsibility as regards the economy as a whole, and have managed, step by step to negotiate one of the highest levels of real wages in the world for their members. I am confident that they will continue to make their contribution towards an economic upturn accompanied by stability.

I therefore assess positively the chances of retaining the greatest possible degree of price stability during the next upswing.

Structural problems, which must be removed by market forces, are said to exist in West Germany. What are today's problem areas? Do you think that market forces are still effective in Germany's highly institutionalised society? Hasn't the experience of the last two years led your thoughts in the direction of investment planning — what the French call planification?

I agree with you: structural problems must be overcome in the first place by market forces. *The State's role is to help along* the adjustment process with incentives. I am against central planning and guidance of these adjustment processes by a *bureaucracy. A topical example* that demonstrates the effectiveness of market forces is the construction industry in the Federal Republic. In the last *few years it has adjusted* its capacity. In late summer this year we adopted a Government investment programme for the building sector designed to stimulate over DM10bn. in demand. With this programme, we are ensuring that the adjustment process is not over-accentuated by the recession. The industry's capacity should not be based on demand during the recession but on that obtaining over the medium term. From this you can see that in this sector, as in others, although we are trying to influence developments via incentives, we are leaving the final decisions *on investment or reductions of* capacity to companies themselves. This is the difference between our policy in practice and other planning models *which assume that government* departments and their bureaucracies are wiser than companies responsible directly for jobs, profits and losses.

Will the German worker be able to continue his climb in material wealth—real wages—or will he now be forced to use rising productivity to create more leisure rather than more goods? One suggestion at this time of high unemployment is that the norm should become a 35 hour week—but with 35 hours' pay.

The worldwide recession has also forced us temporarily to forgo real growth in national *product. I am not in favour of* using rising output and rising *productivity during the upswing* to create more leisure. I share the view *of the overwhelming majority of our citizens—and* they include working people and trade unions—that we should not, literally, fritter away the basis of our economic *prosperity and financial health* for tomorrow and the day after. Opinion in the Federal Republic is not divided over the idea that, to secure its future, the *first thing we need is more in*vestment and not more leisure.

The possible shortening of the working week is a subject which must be looked at from several sides. In the Federal Republic it is not the Government which decides these matters, but unions and employers' federations in the course of collective bargaining. All I would like to say on this is that the changeover from a 40-hour to a 35-hour week will force the industrial countries to deal with different considerations than those that arose in connection, for instance, with the move from a 50 to a 40-hour week. Relieving workers from long and physically demanding hours can take forms other than shortening the working week. We in the Government have always laid more stress on job enrichment than on shorter working hours.

If dividing present work among more people working *shorter hours were a solution to* unemployment problems existing around the world, then one of the major industrialised countries would surely have in*troduced such a scheme.* But this has not happened. One cannot simply transplant workers to some other job in some other region regardless. In any case, *this would not take* account of changes in the structure of demand in the labour market. The simple transfer of workers without regard to struc*tural changes in the demand for* labour is more likely to check the growth of prosperity.

Governments, companies and unions throughout the indus*trialised world are called upon* to agree together on ways of solving the problems posed by rapid structural shifts in the labour market. In the Federal Republic, we have learned that it makes little sense in the medium term to put off structural change by pursuing "lame duck policies." Perhaps the reason for our relatively good economic performance has more to do with the functioning co-ordination between Government *policy, companies* and trade unions than with the idea that our managers are so much more clever or that our people are so much better workers than, *for example, in Great Britain.* They are, of course, not cleverer or more industrious. However, they do not live together in a society which devotes much *time, money and energy to the* class-struggle.

You have presented a vision of a Germany that becomes increasingly an exporter of technology rather than goods. Does this imply an increasing tendency for West Germans to find their work abroad, and for manufacturing industry to invest in capacity overseas? The Government has just cut its research budget. Is this consistent with the future export of technology?

We still have over 2m. foreign workers in this country. There can therefore be no question of labour migrating abroad. The recession is currently forcing us to save—even in the field of encouraging research. But the major part of research is financed anyway by private industry itself. We just lend a helping hand. In the long term, the western industrial nations will be forced to move towards reducing the production of simple goods and to concentrate on advanced processes and products, so that the less developed countries can also contribute to the international division of labour. Thus State support for research remains an important factor. We have done our best to spare as far as possible from the cuts the sensitive areas in energy research and the securing of vital resources.

At some point the ideologies of two parties in a coalition must diverge, otherwise they would not consider themselves distinct parties. Doesn't the argument over an acceptable formula for parity Mitbestimmung represent that point in this coalition—the point at which the views of the SPD and the FDP become irreconcilable? Will a compromise on Mitbestimmung be achieved this year, or at least before the next election?

I feel sure that Parliament will be able to conclude its deliberations on co-determination within the next six months. I do not think that the positions of the SPD and FDP in Parliament will be irreconcilable. On this subject, we started from a very difficult situation. The two coalition partners had started pointing in different directions as a consequence of resolutions passed at party conferences. But then the coalition Government managed to reach agreement on a Bill which leaves only a few wishes on both sides unfulfilled. This compromise—and coalition governments cannot survive without compromises — will nevertheless, when it becomes law, mean greater rights of co-determination for the workers in over 500 companies. It is a continuation of our policy to create co-operative responsibility through *Mitbestimmung*—policy which has done much towards bringing social peace to Germany in the post-war period—an achievement of which we are pround.

Chancellor Helmut Schmidt.

You are said to be personally in favour of a fixed exchange rate system. Is this true? Do you share the French view that floating rates are one of the causes of our current economic problems? What would you like to see emerge *from the attempts to reshape* the world currency system? What practical steps can be taken towards tying the "snake" in some way to a dollar-yen combination?

I believe that volatile floating rates have contributed to the current world recession. The transition to floating exchange rates was, on the other hand, an unavoidable step if international trade and payments were to be kept free of restrictions in the face of balance-of-payments deficits and sizeable differences in inflation rates from country to country. Furthermore, it was only through floating rates that we were able to slow down the uncontrolled growth of liquidity brought about by the previous obligation on central banks under the Bretton Woods system to buy U.S. dollars in unlimited amounts at a fixed rate.

In the field of monetary policy, at the moment we need the closest possible co-operation, not only within the dollar area and within the so-called European snake, but also between these two groups. Although exchange rates cannot just be fixed by governmental decision and — in addition to that — be expected to stay at the fixed peg, we should all be trying to ensure that the oscillations do not become as large again as they were during the first phase of floating. Our attention at this time should be concentrated on flattening out the wild movements. To give the monetary system a greater degree of balance, we will in due course require a neutral reserve unit of account which functions smoothly, that is a special drawing right based on a basket of currencies. If that is the case, we shall have to be extremely careful not to overload our monetary mechanism with inappropjriate functons. In the long run I am all in favour of fixed, but adjustable exchange rates. And we will anyway need an international monetary system which keeps trade and payment movements free of restriction; encourages international co-operation, and does not present us with the sudden disruptions and crises which we have experienced since 1971.

I would not like to venture further on this topic to-day, in order not to upset the very difficult deliberations going on over the reorganisation of the monetary system.

In Europe economic and monetary union still seems a long way off. A smoothly functioning Common Agricultural Policy presupposes substantial progress toward EMU. What corrections can therefore be made to the CAP in the middle term, and do you feel any more confident than a year ago that such corrections can be agreed upon?

I do not think that a well-functioning Common Agricultural Policy primarily presupposes substantial progress towards European Monetary Union. On the contrary, I believe that substantial progress towards economic and monetary union—not to mention other necessary conditions—will only be possible once the CAP is put into better working order. I am convinced that all Europe will recognise that the Common Market in agriculture will cease to work in the future unless we are more successful in realising its essential aims in greater measure.

First of all, we have so far not managed to stabilise all agricultural markets. Surpluses still remain an ever-growing problem.

Second, the aim of relatively undistorted competition has only been achieved because of the highly artificial mechanisms designed to compensate for currency fluctuations.

Third, the application of funds and the finance policy procedures of the Community are unsatisfactory. The costs of running the CAP market have risen from 1.6bn. units of account at the end of the 1960s to about 4bn. in 1975. It is becoming increasingly difficult to finance surpluses.

What we must aim at is a reduction, at least a stabilisation, of expenditure on the individual product markets by creating better market balance. Then there must be a certain risk to producers involved in producing surpluses without regard to market requirements. Finally, world market prices should, if possible, not be left entirely out of the picture. All this can and must also contribute to limiting the costs of disposing of surpluses in a decisive manner.

The Federal Republic remains, as always, ready to pay a fair financial contribution in Europe in areas where progress is being made economically and in terms of greater integration. I can see no progress in the rising production and marketing of surpluses.

European leaders have been taking the first tentative steps towards elaboration of a European foreign policy. Do you believe that an independent foreign policy can be formulated without a European defence policy—and if not, do you feel more optimistic now than in your Defence Ministry years that a European defence policy can be achieved?

I feel that we are already a good bit beyond the first tentative steps. Since 1970, the Community has worked out within the framework of European political co-operation (known as EPC) a number of joint positions on important international problems, and these it has upheld externally. A few examples from the recent past: The Community worked in close harmony over the Conference on Security and Co-operation in Europe. It has embarked on a European-Arab dialogue and made substantial progress. At the 7th special session of the UN General Assembly, the Community spoke *with one voice through its cur*rent Chairman, Italy. The same will probably occur again at the present 30th annual UN General Assembly. These are all considerable steps forward. The Nine will advance further along this road towards the goal of European union. Of course, we have also to be prepared for setbacks along the way.

I am sure that we will in the long run not be able to round off a joint European foreign policy without including European defence policy. However, as a realist I do not think that the development of such a policy—whatever is being actively done to bring about co-operation in this field—*will* be one of the more immediate steps in the direction of a European foreign policy. This is not a question of wishes, not a question *of optimism or pessimism*, but *simply* a realistic appraisal of the situation and its inbuilt possibilities and chances.

You have criticised past U.S. actions—for example, the inflationary impact of the financing of the Vietnam War. Do you feel that the U.S. now takes more account of the views of its European allies, and in what fields do you think that accord is particularly urgent now?

Following my visit to the American President, Mr. Ford, at the beginning of this month, I am in a position to say that the views of the United States *and those* of my Government regarding the need for international co-operation in overcoming the world-wide recession and in resolving other issues are largely in agreement and ever more converging.

The same applies to the topics for the coming international oil, development aid and raw mat*erials conference*. But I also wish to stress the importance of closer harmonisation of interest rate policies and of close collaboration between the two currency areas, the dollar area and the snake area. I feel that the chances of such broad international co-operation coming about on all these subjects, which we wish to discuss *fur*ther at the economic summit, are better than they were a year ago.

Exaggerated hopes and fears connected with *Ostpolitik* seem largely to have evaporated. How do you now view developments with the East, particularly in the economic field?

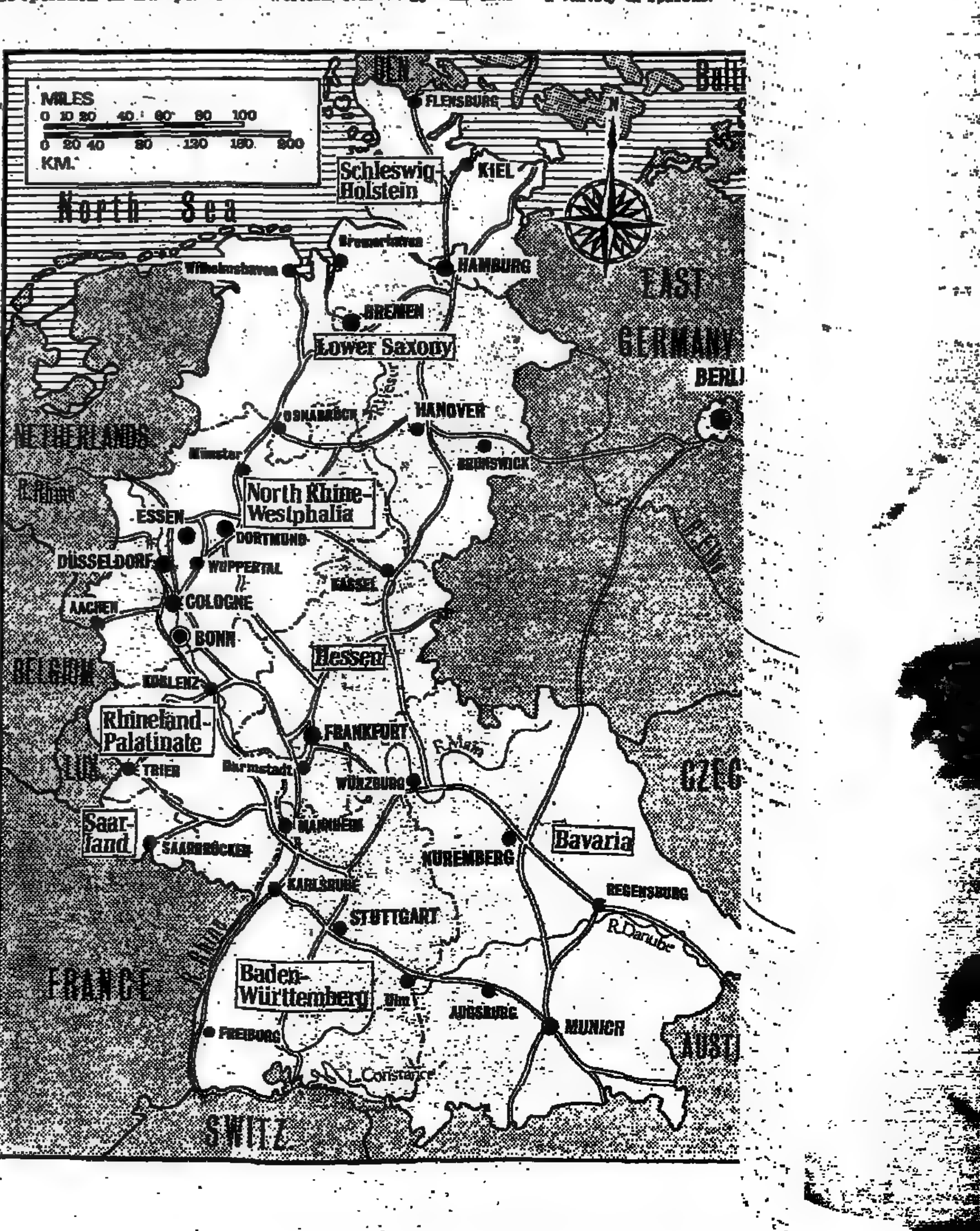
In the discussion of detente you have often stated your conviction that Russia needs western technology and that this is a powerful reason two opposed ideologies can with one another in good The West now needs secu supplies of raw materials. you think that detente ha brought us sufficient acces Soviet natural wealth?

The Federal Governmen never fallen prey to ex ated hopes or fears in it politik. It has always stood that the burden o past and the structural lems in our relations witl European countries were ing to be cleared up and overnight. My Governm carrying on, without a the efforts begun by its cessor towards detente a operation with Eastern E as the recent conclusion eral important agreemen Poland and my talks wit European statesmen or fringe of the CSCE have The treaties signed with ern Europe in 1970 and quently have since been mented by a number of agreements, more parti in the economic field. Bot are equally interested tending this co-operatio are actively working on

Economic co-operation Eastern Europe has dev well. Our exports to the Union have risen consi in both of the past two In 1975, the East Eu states will be buying al per cent. of our total e which represents a doub only a few years. In the of further developme payments difficulties of our East European tradi ners could prove to be hibiting factor. I hope East European states able to improve the st of their exports to the Republic of Germany, i words adapt better to t of demand emanating here. Some but not all problems can be met flexible export credit pol

A real improvement h achieved without questio field of co-operation firms. Here, promising nings are visible.

In the area of raw m we have in the case of gas and iron pellets be to attain a big diversific our sources of supply relations with the Soviet We are continuing wi efforts at points where terests of both sides. Fears have been voiced may become too depen our East European trad ners in some fields. I that the opposite is the co-operation has given u to some of the rich so raw materials in the Union and could bring very diversification of which we consider neces a variety of reasons.



New rules for a new game

CONTINUED FROM PREVIOUS PAGE

The Economics Minister, Hans Friderichs, an ardent supporter of free market principles, said last week that real investment in new plant must rise at 8 per cent. per year from next year onwards to cure unemployment in a workforce that is growing at an annual rate of 100,000 people. Industry currently plans no growth at all in its investment next year and Herr Friderichs is not the man to order them to do otherwise. The impetus, he says, must come from increased profit through wage restraint.

Herr Friderichs did not explain where the demand to justify such investment would come from. Only a month before he had told parliament of worrying signs of "consumer satiation" in West Germany. There are more details on this and on the all-time record rate of savings in a later article in this survey. Exports are the traditional answer, but can the export ratio be allowed to rise higher than one quarter? Even during the *boom industrialists* were nervous of the vulnerability implicit in this figure. Already the furthering of West Germany's high technology exports — particularly of weaponry and nuclear equipment—is making the foreign policy tightrope more difficult to walk. A deterioration in Germany's terms of trade would of course demand an extra quantity of exports, but Germany's terms have already recovered to their level before the oil and commodity threat developed.

Another accompaniment to maturity could well be an expansion of West Germany's foreign investment. The figures show an upward trend so far this decade from a small base. Such investment would form a channel through which German skills and technology could flow abroad, but it would not solve the unemployment problem at home unless German people went *abroad* with German capital. Perhaps the next 20 years will see the inflow of *Gastarbeiter* into West Germany replaced by an outflow of German *Gastdirektoren* to the rest of the world.

Leisure

Finally, and most fancifully, the heresay is being whispered in West Germany that German efficiency may have to be channelled into the production of leisure rather than output if German employment is to be maintained on a domestic base. The German worker already gets more holiday than any other worker in the OECD, but with delightful inconsistency his pay goes up during this period rather than down. There is, however, a more appropriate system of enforced leisure of which great use is being made at the moment. It is called *Kurzarbeit, or short-time work.* Workers are temporarily laid off while their employment is maintained and the employer receives 68 per cent. of their salary from social security.

In an accompanying interview (P. II) Chancellor Schmidt rejects the "leisure alternative" as a solution and calls, like his Economics Minister, for a rise in investment. Yet Helmut Schmidt has also complained in this recession year that the laws of Keynsian economics do not seem to be working any more. The current statistics suggest that something more fundamental than recovery from recession will be required to keep Germans fully employed. It may be that having shot itself into an economic orbit that is high by anyone else's standards, Germany now faces the task of keeping itself there.

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Falling export sales, spare industrial capacity and rising unemployment have forced the Germans to take a fresh look at the country's economic performance. Attempts have been made to reflate the private sector, and Government spending has been cut back.

The economy

GERMANY has this year [th]e darker side of its much [vaunte]d success as an exporter. [A]pproximately one quarter [of the] country's gross national [produc]t sold overseas, a 13 per [cent] collapse in real export [s] over the first half had [consider]able consequences. The [G]NP in the first half fell [... p]er cent. Faced with spare [capacit]y German industry cut [back o]n its investment; by a [...] per cent. in the first half, [and th]is made matters worse. [Unemp]loyment has remained at [1]m. for the whole of the [year s]o far and threatens now [to clim]b to 1.5m. this winter.

[The] economic slump has had [the eff]ect of raising the inter[nation]al profile of West Ger[many]. The need to defend Ger[man] prosperity has forced [Germa]ny's leaders to become [more t]han the good neighbours [sayin]g "yes" to Europe and to America and who are [ready] to foot any bills that are [put] to them in a good cause. [They] have become more flinty [i]n their scrutiny of the [...] expenses. They have [taken] the lead in calling for [interna]tional co-operation on [econom]ic policy. They have [made] very clear what relation[ship t]hey would like to see [develo]p between the industrial[ised an]d the developing world. [They h]ave suffered and reacted [to] criticism from other in[dustria]lised countries that [Germa]ny is doing too little to [help th]e developed economies [grow] again.

[Interna]lly the slump has [brough]t with it fears that Ger[many] now faces a period in [which] its prosperity will rise more slowly than the [Germa]n people are accustomed [to. Th]e unexpected fall in tax [revenu]e this year has led to a [Gover]ment financing crisis and [cuts] in most areas of Govern[ment s]pending over the rest of [the d]ecade. The slump has [g]iven impetus to a ques[tioning] of the principle of the [socia]l market economy." [One] side claims that the ["socia]l" element is stifling [initiative] and the will to invest, the other says that more [Gover]nment involvement in investment is required [to mak]e sure that needed invest[ment] is carried out and that [unneed]ed investment is not.

[Sta]tistics

[Wes]t Germany's experience [with e]xports will one day pro[vide e]conomists with an intrigu[ing se]t of statistics with which [to bu]ild new theories of the [relatio]nship between exports [and e]xchange rates. The simple [view] to-day would be that West [Germa]ny benefited excessively [from] a low D-mark parity dur[ing th]e period of fixed exchange [rates] in the 1960s and [rather] than invest overseas, was [able t]o build up foreign sales [from] a home base to a precari[ous le]vel. Then came a massive [excha]nge rate readjustment [with t]he D-mark revalued by 20 [per c]ent. in five years. Ger[many']s exports continued [under] their own momentum [for a] time and then ground to [a hal]t in a period of world [reces]sion. Such was Germany's [depen]dence on export sales that [the G]overnment was more or [less h]elpless to do anything.

[Thi]s theory probably has [eleme]nts of truth in it, but it [over]rides lightly over some [lar]ge anomalies. Last year [was a] boom year for West Ger[man] exports despite the fact [that] its start was the moment [when] Germany's exchange rate [relati]onship was at its most dis[advan]tageous. This year has [broug]ht a slump despite the [fact t]hat since the beginning of [last] year there has been no [furth]er deterioration in West [Germ]any's competitive position [but] probably an improvement.

[Re]valuation of the D-mark [again]st the currencies of the [impo]rtant industrialised coun[tries]

Nominal change, per cent.	Change allowing for relative increase in wage costs, per cent.
8.8	12.7
2.8	4.4
2.1	1.8
9.7	9.9
5.0	0.4

[So] far this year the D-mark [has] fallen by 3.5 per cent. [again]st the currencies of the [othe]r important industrialised [natio]ns. Thanks to a moderate [roun]d of wage increases Ger[man]y's unit labour costs will [have] gone up by around 7 per [cent.] in manufacturing industry, [acco]rding to the OECD. So un[less] there is a very pronounced [rise] in the value of the D-mark [over] the rest of this year its [effect i]s that Germany's wage [comp]etiveness will rise in 1975 for the first time this decade.

This improving competitiveness is the pay off for West Germany's relatively successful grip on inflation, which continues to hold the annual rate of increase in consumer prices down to about 6 per cent. Another reward has been a marked improvement in Germany's terms of trade which has prevented the export slump from having a proportionate impact on the balance of payments. So the average D-mark cost of imports in the first eight months was 1 per cent. lower than in the previous year, while the D-mark price that Germany could realise for its exports was no less than *10 per cent. higher.*

Surge

That West Germany was able to record such a surge in its exports in 1974 in spite of the deterioration in its competitive position in 1973 was apparently because the country was in the best position to cash in on the tail end of an economic boom. Germany's own boom had been curbed by Draconian credit restraint in 1973, and this forced its companies to look for overseas orders. At that time the orders were there, expense notwithstanding, because Germany was able to promise delivery dates, where its competitors could not.

To-day the orders are not there and it is arguable that in a buyer's market the expense of German products gains importance as a disincentive. The figures are not yet conclusive, but it would appear that Germany's 13 per cent. drop in real exports is one of the worst recorded by the industrial countries in this recession.

The Economics Minister Hans Friderichs estimated recently that of the 5 per cent. fall in real national product in the first half, between 3.5 per cent. and 4 per cent. was due to the fall in exports. For this reason, German analysis of what is necessary for a recovery concentrates on the buying power of its trading partners. Those trading partners, also suffering from recession and unemployment, are understandably more interested in a revival of German internal demand. The two components of demand—export and German domestic—will therefore be dealt with in turn.

The latest order figures suggest that the export demand for German goods is now "bottoming out," and could even be climbing once again. The clearest rise in the month of August was in the foreign demand for capital goods. The most tangible piece of evidence for a recovery in export orders is found in a recent survey of German manufacturing industry *carried out by the IFO institute.* The companies polled reported that they were expecting a 12 per cent. increase in nominal export turnover in 1976 after a *slump of 5 per cent. nominal in* 1975. The table of IFO's findings is reproduced here because this institute has achieved semi-official status in its polling of German industry. The figures show that German industry is expecting foreign orders, rather than internal demand, to provide the basis of a rather muted recovery in the West German economy.

Nominal growth rates in per cent. expected by German industry

	1975/74	1976/75
Total turnover	—3	+ 9
Inland turnover	—2	+ 8
Export turnover	—5	+12
Number of employed	—5.7	— 1.2
Gross capital investment	0	+ 4

For the economy as a whole it now seems likely that real *exports will be down by 10 per cent. for the year* as a whole unless there is a remarkable pick-up in foreign sales over the rest of this year. Real imports will probably show an increase of 2 per cent. The effect on Germany's balance of payments will be relatively mild because of the shift in the terms of trade referred to earlier. In the first eight months the trade balance was DM25.2bn. in surplus compared with DM33bn. in 1974. On current account the surplus was DM5.3bn. against DM13.1bn. last year.

Among the components of German domestic demand the development of consumer demand is the most disappointing and the development of capital investment the most worrying. Thanks to the last round of wage increases and to a generous programme of tax reform mass income in the first six months was 4 per cent. up in real terms on the equivalent period of the previous year. Yet consumer demand *only rose by 2 per cent. in real* terms (8.2 per cent. nominal). The balance disappeared into a still greater volume of savings. After having broken all records in 1974, the proportion of disposable income being put into savings rose in the second quarter of this year to 17 per cent. Economists have been watching this extraordinary accretion of wealth with interest, aware of the potential buying power that it represents, but so far in the second half there have only been faint signs that the savings rate is starting to decline.

Shift

The high rate of saving may be a sign of a long-term shift in the German consumers' "propensity to consume" that would cause problems if substantiated. Minister Friderichs spoke recently of a possible "satiation of consumer needs" that made investment in the manufacture of consumer products more risky than it was *in the 1950s and the 1960s.* Even within existing consumer demand the Minister saw some disturbing trends. He noted the "enormous boom" in the German holiday and package tour industry in 1975. It suggested, he said, that Germans had money to spend and were willing to spend it but not in ways that were as beneficial to the growth of German industry as they were in previous years.

The other worry is the lack of investment in manufacturing capacity. Industry's real capital investment has been dropping steadily since the record year of 1970 and will in 1975, according to the Berlin Economic Institute, be a full 25 per cent. below the 1970 level. The two factors underlying this lack of investment are a dwindling use of capacity and a dwindling margin of profit in manufacturing industry. Use of capacity has been falling for 18 months now and was standing in the second quarter at around 75 per cent. This decline has naturally been accompanied by a continuous slowing of the rate of growth in industry's productive capacity. This year it will be only about 2 per cent.

There has also been a clear deterioration of industry's profitability on sales in the past few years. Though this must be partly due to the difficulty of making a profit when running at low capacity, it cannot have been helped by the 8.4 per cent. per annum increase in wage cost for each unit of production between 1970 and 1974. So this year the Government will be making a special plea for wage restraint in the negotiations during the winter. Germany is fortunate to be a country where such calls for restraint meet with what is clear success by most other countries' standards.

Next year will bring no boom in German industrial investment—the low use of capacity will ensure that. But the IFO table set out above does show that industry will not be investing substantially less next year than it has in this. A 4 per cent. increase in investment expenditure suggests only a slight decline in real terms.

This then is the private sector which this Government has tried to reflate—undermined by a fall in foreign sales, not investing because of spare capacity and dwindling profit, not consuming but saving and if consuming then consuming differently. Outsiders criticise West Germany for not doing enough to stimulate its economy and to help the industrialised economies back into a growth path. Judged from the results they are right—German internal demand has remained listless. But judged by the measures that have been taken Germany is much harder to criticise.

Germany's latest reflationary programme of DM5.75bn. of extra spending was the fourth programme in 18 months. These programmes should be seen in conjunction with a total public deficit of DM60bn. in 1975, an important part of which was a programme of tax reform and of increased family allowances that put some DM14bn. into the consumers' pocket. It can only be a matter of regret for the Government that this money did not then find its way into the shops, for you cannot order people to spend.

Criticism of West Germany's attempts to stimulate tend to ignore Germany's actions of the past year and concentrate only on the most recent programme. In fact over the last 12 months West Germany has spent DM22.6bn. on tax reform and on reflationary measures, whereas France, often seen as a contrast to Germany's efforts, has spent DM30bn. This gives France the upper hand in terms of programmes, but when total public deficits are expressed in terms of GNP for the year 1975 Germany's total deficit of DM60bn. is equivalent to some 6 per cent. of GNP, while France's deficit is equivalent to 3.5 per cent. of GNP.

The measures which Germany has taken have already contributed to something of a financial crisis for this Government. A tough moment in the bond markets in mid-summer made it all too clear what impact the financing of a Government deficit would have on interest rates if that deficit was not brought under control. The result was a savings programme in the budget for 1976 and an increase in value added tax scheduled for 1977. Obviously the "crisis" was a crisis in Germany's own terms. The German Bundesbank is a separate entity from the Government and cannot be told to print money. There is a clause in the basic law of West Germany that imposes some restraint on the degree to which a Government can incur budget deficits. Above all both Bundesbank and Government have a horror of inflation that has obvious historical roots and are most reluctant to put the results of Germany's successful fight against inflation into jeopardy.

N. C.

Economics Minister Hans Friderichs.

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Much attention is now being paid to the run-up to next year's general election. While the incumbent SPD/FDP coalition is still odds on to win, the country's economic performance may have much to do with the outcome.

Politics

WHO IS going to win the West German general election in just under a year's time? Foreigners who see that Chancellor Helmut Schmidt and ex-Chancellor Willy Brandt will be leading the Social Democrat Party (SPD) into battle may be inclined to see the result as a foregone conclusion. Herr Schmidt's practical skills and combative spirit are renowned. Herr Brandt's stature needs no underlining. Together, surely, they make a formidable combination.

It is not as easy as that. A glance at the latest opinion poll shows as much. The SPD receives just 41 per cent., their government coalition allies, the Liberal Free Democrats (FDP) are given 8 per cent., and the opposition Christian Democrats (CDU) together with their Bavarian allies the Christian Social Union (CSU) gain no less than 50 per cent. Obviously a lot can happen before polling day on October 3, 1976. But it is unlikely to be a walkover for *anybody*.

When Herr Brandt resigned as head of government in May last year in the wake of the "spy in the Chancellery" affair, the SPD was doing badly in provincial polls and seemed to be demoralised. Gone was the buoyancy of November, 1972, when Herr Brandt led his forces to election victory and for the first time the SPD became the largest single party in the Bundestag. The excitement of the Ostpolitik had dwindled and home problems, particularly economic ones, had become pressing. Herr Brandt seemed ill at ease and found the twin *burdens as head of government* and party leader increasingly onerous.

Convincing

When he left the Chancellery there was talk of a new power triumvirate. Herr Brandt would concentrate his attention on party work, Herr Schmidt would lead the Government and Herbert Wehner, the SPD's crusty elder statesman and king-maker, would back up both as head of the SPD faction in the Bundestag. The formula appeared convincing and support for the party revived — but not for *long*.

There have been six provincial state elections this year, and in most the SPD has done badly. In some traditional areas of support, such as Berlin and Bremen, it has done extremely badly. Why is this?

Clearly the economic recession has been a major factor. With more than a million unemployed and a rate of inflation of around 6 per cent. (high by West German standards if by almost nobody else's) the major Government party was bound to suffer. The SPD put Government efforts to overcome recession at the centre of its election *campaign strategy*. "*Vote for* the upswing," urged the placards in the key election in North Rhine-Westphalia, the country's most populous state. The *SPD-FDP* was indeed returned to power there. But the upswing failed to emerge.

Further, the Schmidt-Brandt combination has proved to be a rather uneasy one. Herr Schmidt has always had a rather exposed position in the SPD, describing himself as a man of the centre, but seen by many of his party colleagues as more to the Right. And over the past year or two the party has seen a shift leftwards which has threatened to isolate not only Herr Schmidt, but men of similar persuasion, including the Defence Minister, Georg Leber, and the Inner German Affairs Minister, Egon Franke.

In the clearest public example of this to date, Herr Schmidt condemned those in the SPD advocating State interference in *private investment decisions*, stressing the harm such discussion could do the party at the polls. Meanwhile, Herr Brandt was underlining the right of a democratic party to have such a debate, particularly in an international recession when all countries were discussing how best their economies could be hauled out of slump. The matter is bound to give rise to heated discussion at the SPD congress in Mannheim next month. It will be interesting to see how the Centre-Right fares in the debate—and in the elections to the party's national executive committee.

Not the least of Herr Schmidt's concerns is the attitude of the FDP. On several occasions the SPD has only been able to retain its place in a provincial State government because the FDP agreed to go into coalition with it there, just as it has at federal level. A clear trend to the left by the SPD would seriously endanger chances of continuation of the SPD-FDP alliance in Bonn beyond 1976. At present the FDP is playing a waiting game, saying it will make no statement on long-term coalition intentions until next May. The party Chairman and Foreign Minister, Hans Dietrich Genscher, is keeping all options open and is determined to slap down hard any party official whose statements at this stage might unnecessarily disturb the present coalition relationship. The latest victim is none other than the FDP General Secretary, forced to resign this month after persistent disagreement with Herr Genscher over coalition policy.

Can the coalition survive in any case? Is there still enough *common ground between the* parties even if the SPD more or less toes Herr Schmidt's line? There are clear difficulties. The relationship between the part*ners is neither as friendly nor* as firm as it was in the days *of* Herr Brandt's Chancellorship, when Walter Scheel, now federal President, headed both the *Foreign Ministry and the* FDP. Coalition supporters describe the current relationship as a "business one—and none the worse for that." Critics note that the partners remain divided on key reform plans such as Mitbestimmung—worker participation in management—even after many months of bargaining. True the state of the economy does not favour a drive for reforms so much as a tightening of belts. But even on a *strategy for the latter the two* parties remain partly at odds. In August the coalition decided on savings and eventual tax increases aimed at cutting back *the budget deficit in the middle* term. The FDP and the Economics Minister Hans Friderichs in particular, also sought introduction of measures to encourage the private sector to invest. Such measures have not emerged—though the FDP continues to insist that they remain under discussion.

It was not lost on the CDU that the steps the FDP favoured to increase investment were very much like those the opposition had been advocating for years. Indeed, a speech on the topic which Herr Friderichs made to party colleagues at the end of July might very well *have come from the pen of Dr.* Gerhard Stoltenberg, the opposition's "shadow" Economics Minister.

If this was the trend in the FDP, it was thought, then an alliance with the CDU could easily be on the cards. But when the Government savings and tax programme finally emerged, the FDP appeared to have backed down. And many in the CDU have resigned themselves to the view that if the union parties are to return to government they will have to do it on their own—with an absolute majority.

What are the prospects? Certainly the CDU is in better shape than it was a couple of years ago. Then it was still suffering from two blows—the election defeat of November 1972, followed six months later by the resignation of its chairman, Rainer Barzel. His successor, Dr. Helmut Kohl, at first was considered by many to be an interim solution. True, he was a markedly successful Prime Minister of the state of Rhineland Palatinate. But few seemed to see this genial, pipe-smoking, transparently honest but possibly naive figure as a potential Chancellor.

Different

To-day things are different. *Those who thought Dr. Kohl would be out of his depth amid* the Byzantine complexities of the CDU power structure have *been proved* wrong. His poten*tial rivals, and there were* several, have fallen by the wayside. He was re-elected CDU Chairman this summer by an overwhelming majority. And he also obtained the nomination as Chancellor candidate—the man both the CDU and CSU decide should head the Government in the event of election victory.

This latter was no easy task. The more right-wing CSU believed its own dynamic leader, *Franz Josef* Strauss, was the best Chancellor candidate, and there is plenty of evidence to suggest that Herr Strauss thought so too. He had carried his *party to a remarkable* election victory in Bavaria in the previous autumn, obtaining 62 per cent. of the vote. He is an outstanding orator, particularly on the campaign trail, and his ministerial experience dates back to the days of Konrad Adenauer. But he is *also widely seen as both* extreme and volatile. And many in the CDU feared that if he became Chancellor candidate, middle-of-the-road voters who might have been incline[d to] switch support from the pr[...] Government parties woul[d in]stead, be frightened away.

Perhaps Dr. Kohl's mos[t not]able appointment has bee[n that] of Professor Kurt Biedenk[opf,] *former university rector* [and] businessman, as the [...] General Secretary. Dr. B[iеden]kopf has been outstan[dingly] successful in tightenin[g the] party apparatus and in [giving] the CDU an intellectual [...] normally associated mor[e with] movements of the left. [He has] sought to turn the ideo[logical] tables on the SPD, censu[ring it] as the party of the "nev[v privi]leged"—the bureaucrat[s and] fonctionaries — which [...] the "new social probler[ms"...] those with no organised l[obby to] fight on their behal[f. This] strategy is pursued with [...] one eye on the liberal v[ote...] *in following it Dr. Bie[denkopf]* has run foul of the CSU[...] CDU's elder statesman, [former] Chancellor Ludwig Erha[rd. The] *end of this dispute is no[t in] sight. But it serves to u[nderline]* once more that anyo[ne who] wishes to hold together [a poli]tical grouping embrac[ing the] fringes of the CSU an[d poten]tial voters in the FDP [needs] something like the wi[sdom of] Solomon and the agilit[y of an] acrobat.

In the end, the perforr[mance of] the economy will be cr[ucial. If] another year goes by [and the] long-awaited upswing [has] not emerged, then it [will] only be the present p[arliamen]tary opposition which [...] So far, thanks especia[lly to a] highly developed social [security] system, the Federal [Republic] has gone through an e[xception]ally difficult period wit[h remark]ably little social un[rest. Ex]tremists of both Left [and Right] *have been trounced in* [every pro]vincial election after [...] It is the liberals abov[e all who] have benefited.

But should there [be no] marked economic imp[rovement] —and this depends t[o a great] extent on developmen[ts] over which Bonn has [no con]trol—then the politic[al danger] is clear enough. More [and more] people would surely as[k whether] it was not so much G[overnment] policy which was at fa[ult as the] *system itself. That, of* [course, is] not a danger which th[e Federal] *Republic* alone has to [face].

Jonatha[n ...]

New foreign policy perspectives have led Germany to lay emphasis on relations with the other EEC members and to deal with the wider problems produ[ced] in the wake of the oil crisis.

Foreign policy

IT SEEMS almost too good to be true. A prized ally of the U.S. and—at least—a *good trading* partner of the Soveit Union: a special relationship with Israel, but nonetheless firm ties with Arab states: widely respected *in* the developed and developing world, and a strong *advocate* of co-operation between the two; a world economic power—but a moderating influence.

Had anyone dared in 1945 to present this as a vision of German foreign policy achievement within a generation, he would surely have been rated a wild optimist. To-day it seems a reasonable description of the Federal Republic's place and role in the world. It is only fair to underline the accomplishment—even though there are some flaws in the picture too.

Changed

The foreign policy perspective has changed strikingly since the start of this decade. Then the accent lay on the *Ostpolitik* of Chancellor Willy Brandt and Foreign Minister Walter Scheel. At the start of their second administration, attention started to focus more on efforts to develop the European Community. To-day in the wake of the oil crisis and deep in recession, the horizon has widened and the problems have become even more complex. How can the Western countries be hauled out of economic slump and their political stability be safeguarded?

With its big export dependence and its lack of native raw materials and energy resources, the Federal Republic would in any case have been in the front of those looking for a solution.

But in Chancellor Helmut Schmidt it also has a leader whose pragmatic temperament and ministerial experience peculiarly suited him to meet the needs of the times.

Rarely before could it have been brought home so strongly to West Germans how dependent they were for their livelihood on developments abroad. At times it seemed impossible to turn on the television without seeing Herr Schmidt stressing his favourite theme of economic interdependence, or arriving in a foreign capital for another economic *tête-à-tête* with a State or Government leader. He was not always right. The recession has proved to be even deeper and longer than he feared. And some of his initiatives—for example the drive for "parallel" adoption of French and West German economic programmes to help bring economic upswing — seemed to have primarily psychological significance. But in his recognition that national measures alone could not suffice, and in the energy with *which he pursued international* solutions, he rendered the West as well as his own country a major service.

The search for a way through recession could hardly stop at the boundaries of the industrialised world. It was urgent to head off a new confrontation *with the oil producing countries* —and here a further problem emerged.

In April the preparatory round of the Paris energy talks broke down when the U.S. refused to agree to an agenda covering wider probl[ems of the] developing world. [It] was not only that i[f the cli]mate remained it [would play] into the hands of the [hardliners] among the OPEC [countries] that could have mea[nt a] higher oil price ris[e than the] 10 per cent. finally [agreed in] September. Beyond [that it was] feared that unless [solutions] were found, raw ma[terial pro]ducers would be tem[pted] to form cartels on [the OPEC] model—perhaps wit[h the help] o fsome of the OPE[C ...]

Attempts

West Germany did [...] that such attempts [...] *successful in the lo[ng run]* in the short and [...] they could create [...] price difficulties. [...] they broke down, [...] would be faced wit[h ...] problems but in an [...] of increased bitter[ness ...] in Bonn's view eff[orts by the] West to counter rec[ession made] real sense only in [the context] of a concerted effort [...] confrontation with [the raw] materials producers [...] OPEC.

Bonn worked on [...] at several levels. [...] have the U.S. cha[nge its atti]tude on the Paris [...] sent a senior Fo[reign Office] official on a tour [of raw] materials and oil [producing] countries, to set out [what Bonn] *was willing* to offer [the develop]ing world and to w[arn of] demands which s[hould] not be met. It call[ed ...] German ambassado[rs ...] national organisati[ons ...] Bonn to organise a c[...]

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Changes in policy, leading to an expansion of the armed forces and rationalisation of military hardware supplies, have given Germany a new role in Europe's defence.

Defence

IMPROVEMENT in the ation, reputation and of the West German forces over the past two r so has been dramatic. 1 not so long ago as the 1 "hair force," the wehr has now become 1ost efficient army in

recent examples may to illustrate the change ceptions. A very senior an spoke the other day ie improvement and f expansion of the West i forces as one of the factors which, along he continuance of the viet split, had helped in the military balance n east and west. Coming hat source, there could higher tributes.

n, almost as a matter of a senior West German spoke of the *Bundeswehr*. The obvious reference the *Wirtschaftswunder* or ic miracle of the past; insformation of the German forces has been no narkable than the earlier rmation of the economy.

these two judgments induly professional, it is 1oting that recent opinion n the Federal Republic hat the armed forces are sing curve of popularity. umber of applications for ition as a conscientious r—once a serious probis gone down, and the 1 improvement in efficas been noted in the for the Warsaw Pact, the objective of the negotian mutual and balanced reductions (MBFR) in 1 is not the removal of orces from Europe, but uction in the size and lity of the Bundeswehr.

has this transformation about? The answer seems in a combination of political maturity and a defined problem to ith.

ke the British, French or cans, the West Germans ad no direct military comnts (nor temptations) outeir own area. They knew about the division of Europe. Indeed it ran, and runs, through German territory. Their problem was to establish a credible front line defence for Western Europe, especially in the central area. While the British were busy with the dissolution of empire, the French with *Indochina, Algeria* and, residually, other parts of Africa, and the Americans with Vietnam, the West Germans continued to think about Europe. The other western powers have lost, or rather given up, their extra-European wars. They have come back to acknowledging that central Europe (though for the Americans also North East Asia) is the crucial area. They have found that in the interim West German concentration on the subject has paid off.

Strip

Within the context of the western alliance, the Germans devoted their attention to how best to defend a relatively narrow strip of territory (that is, their own), to finding the best doctrine and the best hardware. At least until very recently, they profited from their economic success by having the money to pay for it. Thus one of the reasons for the improvement in the reputation and morale of their armed forces is simply the arrival of better equipment—the gradual replacement of the M 48 battle tanks by the Leopards and of the HS 30 mechanised infantry combat vehicles by the Marder are examples. The Leopard is for anti-tank defence and the Marder carries an anti-aircraft missile system. Both are among the best equipment of their kind in the world and specifically suited to West German needs.

One can make the point about the rewards of the Germans concentrating on their own, alliance-related requirements without the distractions of extra-European involvements in another way. A glance at the respective air power of Britain and West Germany, as listed in the Military Balance 1975-76 published by the International Institute for Strategic Studies, shows a very instructive pattern. The British RAF consists of an enormous variety of aircraft: Vulcans, Buccaneers, Phantoms, Harriers, Jaguars, Lightnings, Canberras, Shackletons, Nimrods, Victors, Britannias, Andovers, HS-125s and VC-10s—the list is not exhaustive. This reflects partly the political difficulties created by an aerospace industry far too big for national requirements, and also the worldwide role which it was thought, until recently, that the RAF might have to fulfil.

The German list is quite different. Although the number of combat aircraft is about the same, it consists largely of Starfighters and Phantoms. There is a similar concentration in transport and trainer aircraft. Of course, the Germans did not have a domestic aircraft industry to mollify in the same way as Britain, but it is striking that while they had much more money available for defence expenditure, they chose to invest it in a relatively small number of aircraft types: They saw the virtues of efficiency and standardisation. The *Luftwaffe is thus more suited to* the defence of Europe than is the RAF.

The Germans turned out to have another advantage over their western allies in terms of attitudes to their own armed forces. The American conscript army blew up in, or at least because of, Vietnam. It simply could not stand the wave of political protest. The French conscript army has been having problems — admitted by the French themselves—because old military traditions had not been adapted to modern political demands: conscripts were not well enough paid, did not have enough to do and were unsure of what their purpose was supposed to be.

The Bundeswehr, by contrast, began rather idealistically with the concept of the "citizen in uniform" and all sorts of built-in rights for officers, men and NCOs. Each can elect their own spokesmen, and there has long been an Ombudsman specifically for military complaints. For a time, it looked as if this system was getting out of hand—during the student riots of the late 1960s and the heyday of the Ostpolitik in the early 1970s. The pendulum swung back when it was realised that, despite the concessions offered in the Ostpolitik, the Warsaw Pact continued to expand its armed forces. The Soviet military build-up indeed seems to have led to a new understanding of the need for, and requirements of, the Bundeswehr within the Federal Republic. At the same time, it became clear that the rather liberal attitude towards discipline could, if not carried too far, help to relieve friction. The French army, for example, is only now being allowed some of the individual rights which have been accorded to members of the Bundeswehr for years.

Alliance

It would be utterly wrong, however, to draw the conclusion that the West German armed forces have become a power in their own right, either inside the country or in Europe. The Bundeswehr is still an alliance army, or it is nothing. The reasons for this remain the same as they always were. Even by European standards, West Germany is a narrow strip of land. The maximum distance between its eastern and western borders is 300 miles; in many areas it is much less. Nearly one-third of the population lives in the area less than 65 miles away from the eastern border; more than two-thirds live in the area less than 125 miles away from the same border. These facts dictate certain strategic consequences.

One is that, given the size of the Warsaw Pact forces, West Germany could not conceivably repel an attack on its own, and the converse is that nor could it conceivably make one without the backing of the western alliance. Another is that in the event of West Germany being attacked, the aggressor must engage the forces of as many allies as possible at the earliest possible moment. This is the doctrine of forward defence and the multi-national presence of forces. The country is too narrow to allow for in-depth manoeuvring or, in the jargon phrase, "trading territory for time." The aim is to establish from the start that, in the words of the Nato treaty, an attack against one member "shall be considered an attack against them all," and to ensure this by having forces from as many as possible stationed on West German soil. For the rest of the alliance, this doctrine is the price of keeping West Germany within Nato.

It is difficult to imagine any West German Government, wishing to stay in the alliance, pursuing any other policy. The alternative to forward defence and the multinational presence is to make West Germany a buffer state. The change over the past few years has been that the country has played its own role with greater conviction and greater credibility. The improvements in the Bundeswehr are some compensation for the dropping of the guard by other European Nato members.

Malcolm Rutherford
Diplomatic Correspondent

oreign

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ontation — particularly at eptember economic session e UN General Assembly. last but not least, the gn Minister Hans-Dietrich her made a tour of an countries broadly ing the same message.

would be absurd to sughat confrontation has been y avoided thanks to s efforts alone. Britain an important contribution its raw materials initiative e Commonwealth Confer- The U.S. no doubt decided ter its view on the Paris *for reasons over which* had only partial influence. point is that West Germany recession, energy, raw rials and development ems as inextricably interd. It had a leader capable rganising a drive to deal them in consort. And it in a peculiarly good posito play an effective middlerole. It has the economic ht of a great power. But on whole it arouses neither ories of a colonialist past fears of a colonialist future. is good for its political egy. It is also, of course, l for business with the d World.

xpertise

ie maintenance of this ured position requires as h expertise as that of the -wire artist simultaneously gling a dozen plates. The tator watches breathlessly ee which will fall first. And ed there are clear signs of in. For example, a West man firm may shortly win arge nuclear power station tract from South Africa. It ld be the precursor of many e. Yet the Foreign Ministry worried about the effects of n a deal on Bonn's carefully tured relations with Black ica.

gain, under pressure of ession, Bonn is preparing to xamine its attitudes to orts of military equipment. to now it has lagged far ind such exporters as the and France. Industry has le doubt it could substanly raise such sales—if the vernment relaxed its ban on iveries to areas of tension— would not West Germany's cial status suffer in the pros?

The decisions will *not* be y. For example, Bonn is at sent trying to arrange a deal der which nuclear power staas will be exported to the viet Union. Her Western ies at first objected to the n but have since backed wn. Is West Germany then epared to make such a deal h the Communist East but to use it to a state which practices apartheid?

The Soviet nuclear deal is one of the most ambitious Bonn-Moscow projects broached so far. West Germany would build the power stations and Moscow would supply the electricity to the Federal Republic via West Berlin. But like the more exotic projects for co-operation spanning decades, suggested by the Soviet leader Mr. Brezhnev on his visit to Bonn two years ago, little has come of it so far. The heady excitement of the initial phase of the *Ostpolitik* has given way to a rather hard slog *at practical co-operation* officially described as "filling the eastern treaties with life."

Herr Schmidt used the occasion of the European Security Conference in Helsinki to settle some outstanding differences with Poland. Meanwhile relations with East Germany tend to move two steps ahead and then nearly two back. At least Bonn's exports to the "State trading nations" are booming and this has provided a welcome boost as Western demand fell.

Just as some of the illusions about *Ostpolitik* have disappeared so has much of the old optimism about West Germany's role in the EEC. Herr Scheel used to say that Bonn, as economically the strongest of "The Nine," planned to act as the "motor of the community." Some of her partners now tend to see her rather as the brake. The *criticism* at first glance seems unfair. Did not Herr Schmidt make major efforts to try to ensure that Britain remained an EEC member. And did not Bonn make a substantial loan to Italy as a gesture of European solidarity?

That is true. But there is a distinction to be drawn between Bonn's appreciation of the need to help some of its key trading partners remain solvent, and its willingness to work for further development of the Community as such. Many in Bonn believed that Britain outside the Community would eventually prove a greater economic liability than inside it. And as Herr Schmidt said of the Italian loan, West Germany was helping its own exporters as well as Rome.

The truth is that while Bonn continues to restate its commitment to European federation and economic and monetary union, it does not seem prepared to use its full political weight to try to achieve them. For example, rather than mounting a serious drive to reform the Common Agriculture policy (CAP), Bonn now seems more concerned simply to keep its losses from the present one as low as possible. It is of course true that a serious bid for reform would bring West Germany into conflict with France. And as relations between the two have never been better, such a step clearly gives cause for hesitation.

Personal ties between Herr Schmidt and President Giscard d'Estaing are close—even if the suggestions of a Bonn-Paris axis which emerged last year when both men came to power prove to have been exaggerated. In particular, M. Giscard veers strongly towards a monetarist approach to the solution of economic problems which Herr Schmidt hardly shares. This French approach showed itself in the repeated call for an early return to fixed currency exchange rates—and in M. Giscard's proposal earlier this year for a currency summit conference. Herr Schmidt worked hard to avoid a frontal clash on the matter between Paris and Washington — which could hardly agree less with the French view. And now that a summit conference is emerging, it is in no small measure due to Herr Schmidt that it has become one in which the currency issue is buried among other agenda items.

Irritations

Bilateral Bonn-Washington relations are not, of course, without irritations. Differences or energy policy have already been mentioned. Bonn feared that Dr. Kissinger's initial hard-line attitude to events in Portugal might push Lisbon on to the very extreme leftish course Washington feared. And there is the old question of off-set payments for the stationing of U.S. forces in West Germany. Here both sides are trying to find a new formula, probably in a NATO rather than a bilateral context.

None of these difficulties should obscure the fact that they occur within an atmosphere of basic trust. Washington sees Bonn as a constant star in a volatile European firmament. And it is not fanciful to suggest that Herr Schmidt sees in the U.S. just that ability to act effectively and *quickly which he does not find* in the embryonic European Community.

Defence, as ever, remains the key. Significantly, for the first time since the war a U.S. brigade is about to be stationed in North Germany, until now the preserve of European NATO forces, principally the British. The reason—to match the tactical buildup of Soviet forces across the border in northern East Germany.

It is one more sign for Bonn that for a reliable and effective defence ally it continues to have to look across the Atlantic. Europe is not in a position to do the job itself—and its prospects of being able to do so in the foreseeable future are not, in Bonn's view, encouraging.

J.C.

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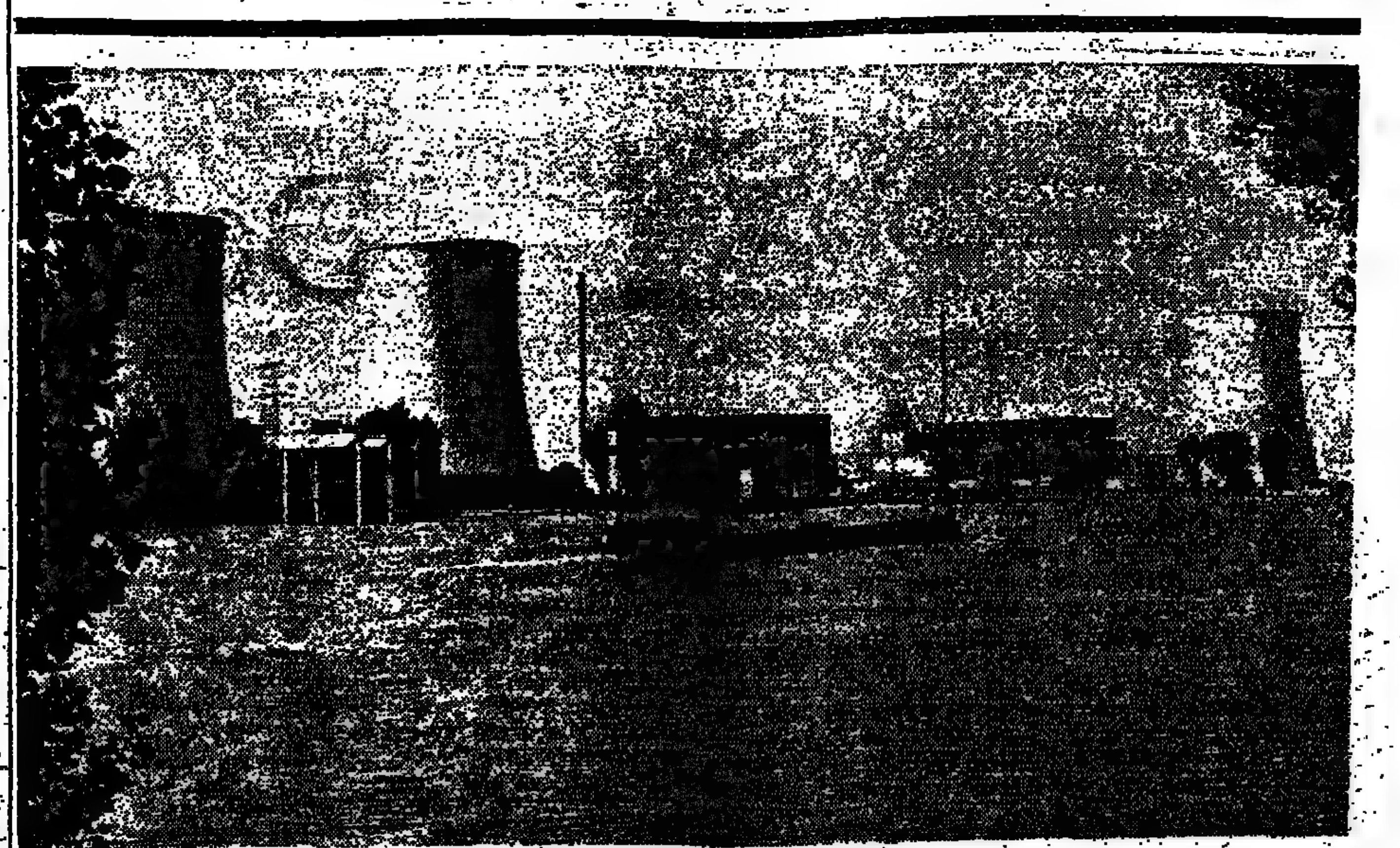

RWE's 1,200 MW nuclear station Biblis A, which has achieved 80 per cent. availability since the utili[ty] accepted it from its contractor, Kraftwerk Union, early this year.

One of the strongest nuclear industries in the world is developing in the Federal Republic. It is characterised by solid engineering achievement and exceptional levels of reliability and performance.

Nuclear energy

THE EXPANSIVE West German exhibition at the Nuclex nuclear industries fair in Basle last week characterised splendidly the German approach to this new industry. It featured solid engineering achievement. Major pieces of precision engineering, sometimes many tons in weight—in some cases being routed through Basle on their way to the construction site—were in evidence everywhere. Some were highly sophisticated assemblies, such as the hydraulic bolt-tensioning machines developed exclusively in Germany, which for a price less than a single day's loss of output from a big reactor can accelerate refuelling by simultaneously removing or replacing all the bolts securing the head of a steel pressure vessel. This is the sort of refinement that leads the German nuclear industry to claim it has already engineered the light water reactor beyond the achievements of its U.S. inventors. (In the U.S., Dr. Alvin Weinberg of ERDA, the Energy Research and Development Administration, has even suggested that German nuclear technology should be a model for the rest of the world.)

Certainly the Germans take seriously the joke which arose when they were bidding for their Austrian nuclear contract two years ago. What kind of reactor safety provisions do you want, they asked the Austrians. You can have U.S. safety or German safety—but German safety will cost you £4m. more. They are confident that designs currently acceptable in the U.S. would not be acceptable to the German nuclear inspectorate. Professor Heinrich Mandel, chairman of RWE, leading domestic utility, and president of the German Atomic Forum, in his opening address to the Nuclex technical conference, spoke of nuclear plant operators paying a 25 per cent. premium over operators of conventional power plant to ensure the safety of the installation. Dr. Mandel found it hard to believe that public demands for still more controls on nuclear operations could contribute anything to a regulatory system that brought together the expertise of four different factions—the nuclear vendor, his sub-contractors, the plant operator and the nuclear inspectorate. German public criticism, he said, was not advancing the debate.

Support

Even so, a decision other nations might well reflect upon has been taken by at least one senior German nuclear engineer, with the support of his company. This is that much more technical expertise is required among the politicians if they are to convince the public that the Government has nuclear safety well under control. Dr. Joe Bugl of Brown Boveri, a particularly articulate and engaging nuclear engineer with an international reputation, hopes to embark upon a political career during next spring's general election. His company (and others) are willing to provide the option of candidates returning later to engineering.

The payoff to the German—and perhaps particularly Siemens'—approach to nuclear technology is nowhere better illustrated than by the Biblis A station, which at 1,200MW represents one of the biggest single sources of nuclear power anywhere in the world. This station has been operating at about 80 per cent. availability since it was handed over to its operator last February—a performance most nuclear stations attain only after several years of patient "debugging." What is more, said Dr. Mandel, most of the lost capacity had occurred on the conventional, not the nuclear, side of the station. Of a total of 31 load reductions and 15 unscheduled "outages" at the station, only ten load reductions and four outages co[uld be] attributed to nuclear pr[oblems]. His figures for Biblis A [and] German experience ge[nerally suggest] that quality assurance [on the] steam-using side of the [plant] has not yet attained the [level] of the nuclear steam [supply] system (NSSS).

Plants

At the heart of the [German] nuclear industry stands [Kraft]werk Union, designin[g and] building complete power [stations] as well as NSSS, with associated companies: [...] (fuel assemblies), [...] (plutonium fuel), NRG [...] [clad]ding tubes for fuel), Int[eratom] (sodium-cooled fast r[eactors]) and GHT (high-temp[erature] reactors). The group, [a joint] venture by Siemens an[d AEG-]Telefunken, has DM20bn [worth] of orders in hand, half o[f which] has been received th[is year] alone. The 7.5 per cent [invest]ment tax rebate off[ered to] utilities this summer [which] placed their order befo[re June] 30 brought KWU a f[lood of] orders, six altogether ([one] being signed on June 2[...]) [...] the company admits fra[nkly] it can expect no mor[e] orders now for perhaps [a] year.

KWU, with manuf[...]

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The last few years have seen a swift expansion in German investment overseas, brought about largely to counter the rising cost of industrial production within Germany itself.

Foreign investment

ONE OF the disadvantages of being on the losing side in two world wars is that it tends to play havoc with one's investments overseas. Germany's leading industrial concerns have twice been stripped of the bulk of their overseas assets and this appears, understandably, to have engendered a cautious approach to setting up shop in foreign countries.

While foreign competitors have been busily buying into and establishing operations in their main markets, West German industry has held back. This reticence is not just a matter of "once bitten, twice shy," although this undoubtedly plays a part. The main reason is that in the 1950s and 1960s, West Germany was too deeply engaged in building up its own industry to devote precious resources to overseas investment.

At the end of last year the cumulative value of West German investment overseas since 1952—not including portfolio investment—totalled DM36.8bn. At the same time, foreign investment in West Germany rose to DM47.5bn. Indeed, during the first three years of the decade, according to the Bundesbank, foreign investment in West Germany soared by 45 per cent.

But although West German investment overseas is small by the standards of Britain and America, its expansion rate over the past few years has been relatively high. Of the DM36.8bn. total, DM12.98bn., or 35.3 per cent., was invested between 1972 and 1974.

Net West German investment abroad, not including portfolio investment in 1972, totalled only DM2.82bn. But this soared to *DM5.64bn. in 1973. Figures* tailed off a little last year, possibly a result of the encroaching recession—but they were still well up on the 1972 figure at DM4.53bn.

Costs

The spur for this performance seems largely to have been the rising costs of manufacturing in West Germany and the steady upward course of the D-mark. The motor industry has felt the pinch of uncompetitiveness. Volkswagen, for instance, was warned by a senior executive that it would lose its U.S. market in five years unless it started manufacturing there. The chemical industry has also been affected.

Earlier this year Hoechst, one *of the top three* West German chemical concerns, stated bluntly that West German manufacturing costs were rapidly becoming too high for comfort. It planned to earmark much of its investment capital for projects outside the country. Investment by the West German chemical industry overseas already generates a substantial proportion of its turnover. In 1974, domestic turnover totalled DM85bn. against DM15 to 20bn. overseas.

Hoechst, however, is now revising its investment plans in face of the world-wide recession. It feels that the industrialised countries of the west can no longer expect the growth rates that they enjoyed in the late 1960s and early 1970s and that its production capacity, given proper *restructuring and re-*equipment where necessary, will largely be adequate for foreseeable future demand. Capital investment in plant is likely to be curbed both at home and abroad.

This is likely to be the policy *of* many West German concerns this year. As a result investment programmes, both at home and overseas, are likely to suffer. The overseas investment rate, which in normal conditions could be expected to grow substantially looks as though it will fall back noticeably. However, high domestic production costs are likely to remain a powerful impetus for investments overseas.

The lion's share of West Germany's foreign investment is concentrated in Europe, particularly *in the European* Economic Community. According to 1974 statistics, a breakdown of countries where German concerns have invested more than DM1bn. shows France at the head of the league table of investment targets, with a total of DM3.88bn.

Switzerland follows close on France's heels. Here West German investments were worth DM3.85bn., while Belgium and Luxembourg together account for holdings of DM3.65bn. Spain and the Netherlands follow with DM2.84bn. and DM2.62bn. respectively. At the bottom of the table are Italy and [...] with DM1.48bn. and DM[...] while Britain faces re[...] with only DM1.09bn.

West German investm[ent in] the U.S. totalled DM3.4[...] surprisingly low total compared with [...] DM2.42bn. Canada, an im[portant] area of operations fo[r such] giants as Metallgesel[lschaft] accounts for West [German] foreign investments [of] DM2.64bn. Additionally, [in the] second league, Israel co[mes] with investment [of] DM402m., while Germa[n hold]ings in Japan amou[nt to] DM202m.

Holdings

The chemical indus[try is] West Germany's single [most] important overseas i[nvestor]. Its foreign holdings at t[he end] of 1974 were worth a t[otal of] DM7.2bn. Electrotechnic[al and] electronics investments [were] worth DM3.9bn., while t[he iron] and steel industry, machinery industry an[d] public road transport [manu]facturers have holdings between DM2.5bn. and I[...]

A remarkably fast grow[th] has been recorded in the [bank]ing sector. Overseas [invest]ments by West Germany's [banks] were worth DM2.37bn. [at the] end of the last year and i[n 1974] alone they grew by D[...] or 24.9 per cent. Th[is year] *should also see a rapid* [...] growth.

Guy H[...]
Frankfurt Corresp[ondent]

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The Government's current energy programme is aimed at achieving the maximum security for an economic supply. It plans to diversify its main sources of fuel away from oil and to encourage other areas.

Energy policy

EIK YAMANI, the Saudi an Oil Minister, needed ics to help argue for ration at the recent OPEC ng in Vienna, he could obtained them from West iny. The country's energy imption figures for 1974 d remarkable sensitivity rise in the price of oil, e *slackening in German* mic growth and to a shift country's energy-consum- abits that apparently fol- the scare of the oil rgo. While the German showed a real increase of *r cent. in 1974*, Germany's ll consumption of energy y 3.2 per cent. to 366m. of "hard coal equivalent." an oil consumption ed by 10 per cent. to n. tons hard coal equiva- and oil's share of the total an primary energy con- tion was reduced from 55 per cent.

th a marked drop in GNP certain for 1975, and with sion lingering on uncom- bly, there may well be a ng need to revise at least quantitative side of the ian Government's "energy " The current plan is dy the first revision of an nal that was published *days before the outbreak* he Yom Kippur War—an t which quickly made ssary a change in some e plan's basic assumptions. ne moment the Government itains that it can stick with *current plan*, which ches out until 1985, pro- d that it is supplemented stocktaking exercise that take due account of the ent economic difficulties.

est Germany imports about of its primary fuel, and over riding aim of the gy plan was and is to eve the maximum security an economic supply of gy. The sub-headings under aim are still valid a year r the revised plan was pub- ed, even though some have n marginally eroded by nts.

utput

hey are: (a) To reduce crude s share of West German mary energy consumption to *per cent. by 1985*. (b) To solidate the German oil ustry and to co-operate with, her than confront, the oil ducing countries. (c) To bilise the output of German d coal, an indigenous energy *rce, at around 95m. tons of* l a year until 1980. (d) To rease the importance of rgy sources like nuclear rgy, soft coal, and natural s. (e) To encourage energy ing measures. (f) To give *her priority to energy* search. (g) To make arrange- nts for greater stockpiling of els against a crisis.

The German energy plan ows that crude oil will remain e primary source of German *ergy despite the efforts made* reduce its significance for the onomy. An exceptionally mild inter was one of the factors behind the 10 per cent. drop in consumption last year, suggesting that this was no sign of a sudden slump in oil's importance. 1975 consumption is expected by the IFO institute to be some 3 per cent. below that in 1974, followed by consumption in 1976 that will show an increase of equal magnitude *if the hoped-for* economic recovery materialises. Nevertheless, it may not be until 1980 that West Germany returns to its oil consumption level for 1973 of 117m. tons.

Results

The most tangible results of the German energy programme *have come in the oil business.* Early this year the energy company VEBA and the oil company Gelsenberg were merged to form the largest company in Germany, with a turnover of DM26bn., and one that could feel slightly more on a par with the multinational oil giants. The Government has almost 50 per cent. of the shares of the combined company, which in turn has 63 per cent. of the oil exploration company Deminex. *This company is being* aided by a sizeable injection of Government funds in its oil exploration around the world, and has *already established* a 17 per cent. stake in the North Sea "Thistle" oil field. At the other end of the pipeline the VEBA-Gelsenberg combination controls Aral, the largest German petrol distributor.

The German coal industry received an important reprieve as a result of the oil embargo. Instead *of* running down coal's share of Germany's total primary energy to 8 per cent., as was envisaged in the first energy programme, the revised plan aims for a share for coal of 17 per cent. in 1980 and of 14 per cent. in 1985. This means that German hard coal output, which was 95m. tons last year, should be maintained at this level until at least 1980. Such an aim brings with it the need for some manipulation of demand, *for there* is no guarantee that the major coal consumers—notably the electricity generating industry—will continue to use coal at the desired rate.

At the end of last year the *Government* passed an electrification law, which established as an aim the use of an average 33m. tons of coal per year at a cost-based price in the generation of electricity. At this moment of economic decline the *aim would appear to be difficult* to achieve. The electricity industry used 32m. tons of coal last year, and this year looks like using considerably less.

The Government can bend the market conditions in coal's favour. Under the electrification law the power generating companies have their coal-fired capacity subsidised by an amount calculated to represent the difference in cost between electricity produced from oil and that produced from coal. This subsidy is financed by a 3.34 per cent. tax on electricity sales across the board. In addition the Government controls the construction permits for power stations. By refusing to issue further permits for gas-fired stations it has persuaded the electricity industry to build 6,000MW of coal-fired stations between the end of 1974 and 1980. This plan appears to be getting bogged down in siting disputes and anti-pollution costs, however. There is also a lot of catching-up to do, as since 1972 one coal-fired power station has been built compared with 40 gas and oil-fired stations.

While coal suffers from the important wage-element in its cost and from the high cost of removing its pollution, it maintains its position on the strength of being a domestic source of energy. Its attractiveness will perhaps be further enhanced by research into coal fluidisation and gasification that is touched upon later. The main *rival to coal is uranium*, which produces clean energy and has a negligible labour cost content, but which has to come from overseas.

The German Government has high hopes for atomic power. *Its energy programme envisages* that the 1.1 per cent. proportion of German primary energy that currently comes from nuclear reactors will be raised by 1980 to 9 per cent. and by 1985 to 15 per cent. The 1980 target implies 30,000 MW of nuclear generating capacity. To-day, six German atomic power stations produce 3,235 MW and a further 13 stations with a total of 12,000 MW are under construction or are shortly coming *up to construction.* The slowdown in energy consumption that has accompanied the fall in Germany's GNP has made the full realisation of the Government's nuclear aims look rather more fanciful than they seemed *a year ago*, and the Government has been faced with an unexpected amount of local opposition to the construction of nuclear stations.

Alternative

The growing West German energy source of the moment is natural gas. The amount of gas consumed in West Germany last year rose in both in absolute and proportional terms from 10.2 per cent. of the country's basic energy supply to 12.7 per cent., or 43bn. cubic metres. Natural gas is a popular alternative to coal because it is a much more flexible fuel, and to oil because West Germany produces it in quite substantial quantities and can look to European countries for further supplies. So the energy programme's plans for gas are ambitious, and the hope is that the fuel will provide 18 per cent. of Germany's energy by 1980.

To reach this target natural gas will have to be available at a rate of 67bn. cubic metres in the year 1980, a 50 per cent. increase on to-day's flow. Germany itself currently produces 20bn. cubic metres a year and can probably raise this to around 22bn. by 1980. Existing contracts have arranged for supplies of 12bn. cubic metres by 1980 from the Norwegian area of the North Sea, 28bn. cubic metres from Holland and the Dutch North Sea fields, and 10bn. cubic metres of Soviet gas. These contracts more or less cover the 1980 requirement, and they will be further bolstered during the 1980s by a 13bn. cubic metre deal with Iran for gas that will be piped through the Soviet Union. Talks with Algeria over possible supplies have so far got nowhere because of disagreement over terms.

German primary energy supplies in m. tons coal equivalent. (Actual figures for 1973 and 1974 are shown together with the aims of the Government energy programme for 1980.)

	1973	*1974*	*1980*
Mineral oil ...	209	188	223
Hard coal	84	83	82
Natural gas ...	39	46.5	85
Soft coal	33	35.2	38
Nuclear	4	4	40
Other	10	9	10
Total	379	365.5	478

If Germany follows the *energy programme it will* diversify its main sources of fuel away from oil and into natural gas and uranium. The foreign political risk will thus be spread but not, in total, very much diminished, since much *of the natural gas and all of* the uranium will still have to come in from abroad. The Government is therefore financing five programmes aimed at making better use of Germany's own energy sources—chiefly coal. Between 1974 and 1977 a total of DM616m. will be spent researching techniques of turning coal into gas or into oil. There is particular interest here in the idea of using nuclear heat in such processes. DM330m. will be spent over the same time span in researching new techniques of coal mining that *should* greatly reduce the labour cost of extracted coal. It is envisaged that the output of an average pit might be increased from 1,000 tons per day to some 3,000 tons.

A smaller programme of DM174m. *is investigating better* ways of prospecting and drilling for oil in the hope of finding additional reserves within Germany and of aiding German exploration efforts around the world. Other projects costing DM270m. are looking into more efficient ways of converting primary energy into electricity and of transporting and storing *electricity. The final* programme, of DM56m., is examining ways in which the use of energy can be made more efficient. The research is aimed at *organisational rather than* technical ways of saving wasted heat—*for instance* by using the wasted "low grade" heat from power stations or industrial processes to heat surrounding houses.

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Nuclear

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pacity for six NSSS a year, has total of 26 plants under construction. They include seven xport contracts, *for* Iran and Brazil (two apiece), Austria, Switzerland and, most recently a ,032 MW PWR for Spain. At home they have landed one contract, with VEW, for a reactor which, it had been hoped, would be Europe's first commercial high-temperature reactor. But deferment in the U.S. of the 1,160 MW HTGR ordered by Philadelphia Electric for General Atomic would have left VEW pioneering the HTGR at this size. Consequently, it deferred its own plans for the gas-cooled reactor for a few years.

The *decision* was *a big* disappointment to Brown Boveri Mannheim, Germany's second NSSS vendor, which in a joint venture with General Atomic (Hochtemperatur - Reaktorbau) had tendered for the HTGR. But *another joint venture*, Babcock-Brown Boveri Reaktor, has landed a turnkey contract for a 1,300 MW plant for RWE based on a 1,300 MW Babcock and Wilcox boiling water reactor, and also has letter of intent for a similar order from Luxembourg. Altogether, the Brown Boveri Group in Europe has been associated with the con*struction of ten nuclear plants*, four of which are already in operation.

Another recent coup by KWU was the Brazilian contract, part of the German-Brazilian inter-government treaty concluded this summer, which provides for the transfer not only of reactor technology but for a complete fuel cycle, including enrichment and reprocessing.

The treaty has been under severe attack from some other nations, particularly the U.S., which refused to allow its industry to contemplate selling a complete nuclear industry package. The German defence *for its action is*, first that third world nations are not going to be debarred for ever from the so-called "sensitive technologies"—those which can be put to military use—and second, that by tying a nation which has *refused* to sign the Non-Proliferation Treaty tightly by commercial treaty to a signatory nation, the German Government *has strengthened, not weakened*, the security situation in regard to Brazil.

Debate

The debate over the Brazilian *contract shows no sign of abat*ing yet, not least because of South African interest in the German "second string" process for uranium enrichment, the so-called jet-nozzle or "stationary-wall centrifuge" process, operating on the same basic principle as that claimed by the South African Government in 1970. The South Africans, seeking a *partner* to participate in what for a nation of their size must be a daunting industrial undertaking, have turned to the Germans for help in constructing a commercial enrichment plant. At the German end, the process—developed by Professor E. W. Becker at the Karlsruhe nuclear research centre—has largely been funded by the Federal Government, with participation more recently by STEAG, an industrial energy consortium partly owned by the State. There is general agreement to-day that the process has no future in Europe, simply because it is too energy demanding. STEAG has energetically been promoting it as a process for export, with possibilities for *those nations* with abundant local supplies of energy.

But the Bonn Government's faith in its first choice of enrichment technology, the gas centrifuge, has been considerably strengthened by recent commercial and technical progress. The nation is a partner in Urenco, the Anglo-Dutch enrichment company, which expects to *be producing its first* enrichment next February from one of the two commercial plants it is building. Urenco already has contracts in hand worth £500m., mainly from West German utilities, and may conclude further contracts worth a similar sum by the end of the year. No less impressive, however, has been the performance of the gas centrifuges *themselves*—the "bricks," as they are known in Urenco—and particularly of the centrifuges being supplied by MAN in West Germany. This company's machines have been displaying quite remarkable *levels of reliability* in an experimental plant in the last few months.

David Fishlock,
Science Editor

Trade with the Communist countries has attained a vital position in West Germany's overall foreign commerce. Her exports to the area last year were up 21.8 per cent., while imports fell slightly. A long-term view is taken of this trade expansion and China could be the next growth market.

Trade with the East

LONG-TIME OBSERVERS of West Germany's *Osthandel* say the recipe for its astonishing success in recent years is quite simple: take the same ingredients that have made West Germany the world's second-ranking trader and use them in commerce with Communist countries.

As a result West Germany has forged past the early post-war leader in trade with the East, Britain, then Japan and the United States. Last year, West Germany conducted DM30.3bn. worth of trade with all Communist countries. For the first time since the war this was nearly as much as total West German-United States trade.

As was true in 1974, the expansion this year in West German trade with the East is based largely on the soaring level of West German exports to the area. They were 21.8 per cent. higher than last year, while imports were down 1.5 per cent. from "State Trading Countries" as the Communist countries are called in West German trading parlance.

Soviet

The most interesting results are those on West Germany's trade with the Soviet Union, its largest Communist market. In the first seven months of the year, West German exports were up 74.6 per cent. while imports fell 12 per cent.

Dr. Hans Friderichs, Economics Minister, predicts total trade between the Soviet Union and his country will reach DM10bn. this year compared with just over DM8bn. last year. Since the signing of the West German - Soviet normalisation treaty in August 1970, trade between the two countries has leapt by some 300 per cent. In the same period, Japanese-Soviet Trade went up by 160 per cent. to the equivalent of DM5.8bn., French-Soviet trade by 128 per cent. to DM3.2bn. and Soviet-U.K. trade by 38.3 per cent. to DM3bn.

West Germany's second ranking commercial partner in the east is the German Democratic Republic, until last year the Comecon leader in trade with the West Germans. The customs-free, barter-type exchange of products between the two Germanys should amount to well over DM7bn. by the end of this year after rising some 12 per cent. in the first six months. Critical remarks made by Herr Erich Honecker, the GDR's party leader, earlier this month to his Central Committee indicate mounting pressure on GDR industry to "quickly adapt" to the "real demands" of Western markets. This, and his urgent appeal to modernise production, could give an added impulse to trade with West Germany and other Western countries. West German industrial prowess has a formidable reputation in the GDR for, as one East German technical director explains: "West German companies offer us a full range of products so that we scarcely have to shop around."

In all the other Comecon states, West Germany is the most important Western trading partner and, in the case of Poland, the largest foreign supplier after the Soviet Union. For the first time in many years, however, West German exports to Poland so far this year have actually dropped by 15 per cent., a development some West German industrialists say is a lagging reflection of "political friction" in recent years between Bonn and Warsaw.

An agreement recently achieved on West German credit and restitution payments to Poland in return for the emigration of ethnic Germans from Poland comes just in time for the next Polish five-year plan and the orders from Poland that will go out for Western plant and equipment.

Results

The West German approach to China is typical of the very long range view German industry has taken in its Eastern trade. At the heart of this approach lies the cultivation of a market, even if the short-term results are not over-encouraging.

"State trading organisations, no matter whether in Eastern Europe or China, are not interested in Western salesmen who drop out of sight for lack of quick results to show at headquarters," notes a West German steelmaker with years of experience dealing with Eastern trading officials. "It takes solid backing from the home office and faith in their man out there in Irkutsk to get to the point where the company is signing large and profitable deals."

German manufacturers who have just been in Peking for the West German industrial exhibition there say it is an investment that may not begin to pay off on a big scale for many years. West Germany's China trade last year amounted to DM1.6bn. both ways small fish compared with the volume it conducts with the rest of the Communist world.

Scarcely a day passes in which there are no fresh reports of new markets being tapped by West German firms in the east. In some cases, they turn out to be old markets once supplied by western companies and now reopening to them as purchasers of know-how and equipment. Early this month, the West German shoe machinery industry announced that the USSR had contracted for DM100m worth of machinery for 54 shoe factories. As with so many other deals, the West German are said to have won in larg[e] part because they could promis[e] delivery by spring 1977 at fixe[d] prices.

At present, some 1,500 West German companies trade regularly with the Soviet Union, an[d] the opinion is being venture[d] among the largest of them tha[t] by 1980 West Germany coul[d] be selling as much to the Sovie[t] Union as it presently does t[o] France, that is, DM27bn. wort[h] of goods. That may soun[d] extreme, but many West German manufacturers would agre[e] with the Soviet party chie[f] Leonid Brezhnev, who tol[d] Chancellor Helmut Schmi[dt] last year that both countrie[s] were "but at the beginning [of] the road" as far as trade wen[t]. The Soviet leader added th[e] thought that the more th[e] "economic co-operation grow[s] the greater mutual confiden[ce] will grow, the more firm a[nd] varied political contacts wi[ll] become and the easier it w[ill] be to find a common langua[ge] also in international issues."

Leslie Colli[tt]
Berlin Corresponde[nt]

While the railways and postal services seem fairly efficient, both have turned in huge losses recently and face immense structural problems

Rail and post

IT MAY come as a surprise—and possibly a comfort—to critics of British Rail and the Post Office to learn that in West Germany the problems of both equivalent services are no less serious and the road to solutions just as strewn with pitfalls.

The visitor to West Germany is usually impressed by the ability of the trains to keep to time, by the speed with which letters are delivered and by the ease in self-dialling any telephone number in the country from any other. He may uneasily recall that there was a string of rail accidents earlier this year, which shocked the Germans and brought demands for even greater security measures. But in general his impressions are likely to be favourable—and that is a fair, albeit partial, view. Not readily evident are the huge losses sustained by the railways and post office—the two largest enterprises in the country—nor the structural problems which often seem to bring those responsible for finding a way out close to despair.

Solution

An exaggeration? Take the railways—the Deutsche Bundesbahn (DB)—with 400,000 employees, some 29,000 kilometres of track, and an expected loss this year of more than DM4bn. against DM2.8bn. in 1974. It was the Bundesbahn President Wolfgang Vaerst, no less, who said this summer that unless a solution to the structural problems of the enterprise were quickly found, losses would assume insupportable dimensions. For the Bundesbahn, Herr Vaerst warned, the hands of the clock stood at one half second to midnight.

How did the railways manage to get into this position? The origin of the difficulties lies in the division of Germany after the Second World War, which meant that former north-south lines which used to cross the main routes to and from Berlin had to become primary arteries in the Federal Republic. Public money was poured into expansion of the road and inland waterway systems, but for many years the railways had to rebuild through their own resources. With funds tight, the emphasis lay on replacing what war had destroyed instead of re-planning the whole rail system to cope with modern conditions. So to-day many stretches of track are heavily overburdened while others are under-used.

To help correct this, plans were put forward a few years ago for the building of more than 600 kilometres of new track up to 1985 at a cost (at 1972 prices) of DM11.2bn. It was felt that faster and more comfortable services would mean the railways could double the annual number of passengers carried to more than 3bn. Freight transport would rise substantially, too.

However, a large question mark hangs over these plans. For example, the Bundesbahn originally estimated that in 1973 and 1974 it would require DM25m. and DM225m. respectively for work on the preparation and completion of new track construction. But the sums actually spent in those two years were DM4.8m. and DM35.6m. The explanation is that the practical difficulties in the planning phase were much greater than expected, and that legal problems also proved more complex.

Had the Bundesbahn been a private enterprise whose main object was to remain in the black, then clearly its strategy would have been very different. But with the Federal Government as its owner, it has to provide a range of services which simply cannot be made to pay, but which it is considered socially impossible to give up.

For example, the Bundesbahn finds it hard to cover more than 30 per cent. of costs on some local passenger lines, because of the massive investment in personnel and materials needed to cope with demand at peak commuter hours. Again, rail services in outlying and border areas have to be maintained for the few who use them. Further, the Bundesbahn has to accept small freight items for local transport even if the cost of handling and despatch far exceeds any freight charge which can reasonably be set. On long-distance items, where a profit can be made, the Bundesbahn faces keen competition from door-to-door road services.

These inherent disadvantages, of course, have been recognised by the Government—which supplements the Bundesbahn's internal revenue accordingly. Between 1960 and 1975, a total of DM66.4bn. in federal funds has been poured into the enterprise. The figure increased from DM3.9bn. in 1970 to DM9.8bn. this year—but it has not prevented the Bundesbahn's loss from rising over the same period from DM1.3bn. to more than DM4bn. If the trend is allowed to continue, it is estimated that at the end of the decade the Government will be financing the enterprise to the tune of DM17bn. annually.

Personnel

In these circumstances, Herr Vaerst's dramatic remark about "one half second to midnight" becomes quite understandable. But what are the Bundesbahn and the Government going to do about it? Part of the solution is already known—and it involves a big medium-term reduction in personnel. This is particularly important since labour costs now form more than 70 per cent. of the Bundesbahn's total outlay (against 64 per cent. in 1960). The wage rise for 1974 alone cost the enterprise some DM2bn. — an increased burden which even the most intensive rationalisation in other sectors of Bundesbahn activity can hardly lighten.

Between now and 1979, Herr Vaerst plans to reduce Bundesbahn personnel by 60,000 to around 340,000 — a measure intended to save between DM2bn. and DM3bn. a year. He has not yet given details of what will happen after that but has emphasised that the cuts, now and in future, will be accomplished through natural wastage, retirement and so on —not by dismissals. The assurance was no doubt essential to quieten serious fears among the work force—but nonetheless appears to place a big obstacle in the path of the Bundesbahn's long-term rationalisation plan. The employees consist of civil servants, who cannot be dismissed in any case under German law, and both "white" and "blue" collar workers who have now received an assurance they will not be fired either. Yet if the enterprise is to be placed on a more firm financial footing, there will have to be a very substantial reduction not only in the amount of old track (even as modernisation goes ahead elsewhere) but in personnel, too. It seems likely that the latter cannot be achieved through natural wastage alone.

One model for the future suggests that a Bundesbahn network of only 15,000 kilometres (against 29,000 at present) and 250,000 employees (against 400,000) would still be making a deficit—albeit one which would be far less of a burden on the Federal budget. This is not necessarily the model which

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The ban on recruiting further foreign workers to man the economy is unlikely to be lifted in the near future. Despite the recession surprisingly few migrant workers have left for home. There is little drive among Germans to compete for their menial jobs.

Migrant workers

/ERNMENT is nearing of a "grand stock- of the problem of workers in West No doubt the exercise ıg forth a stream of *and figures* and ns on how to cope with ıl problems involving *astarbeiter* — migrant — and their families here. But one thing ertain. It will not nd an end to the exist- on further foreign ecruitment, either now ıe *foreseeable future.* ın was imposed in r, 1973, amid the caused by the energy More than ever, the now seems to have he end of an era.

n workers in Germany a new phenomenon — ıne to appear only with- ast two decades. At of the century there lready hundreds of *s of* such workers in man Reich — coming from Poland, Austro- Spain and Italy. the wars came a break, employment high and l whatever to accen- he problem through of extra labour. After nd world war and the of Germany, a steady of refugees came to the Republic from the East. *vere welcomed,* inte- — and their arrival take the edge off the for labour.

w era began with the of the Berlin wall in ıd the slowing of the flood to a trickle. At e there were just over nillion foreign workers ıd nearly half of them alians. As citizens of on Market country they ıd are, covered by EEC including free move- labour. Other nationali- not so lucky.

vard

numbers rose by leaps unds up to 1966, when workers totalled 1.3m. per cent. of the labour Recession set in and the s fell back substantially 1,300 in 1967 or 4.7 per the labour force. Not As the economy surged again, more and more *eiter* were hired, so that a record total of more *im. (or over 11 per cent.* labour force) was l.

came the ban on new ment. At the end of 1974 ıl had fallen back to 2.3m. probably a little lower although fully up-to-date are not available. Of that he largest contingent by e the Turks—590,000, ıd by the Yugoslavs,), then Italians 370,000, 225,000 and Spaniards).

first point to strike one these figures is how small the reduction in migrant workers has been, despite the ban on recruitment and, simultaneously, the existence of the worst recession in post-war history. In the first year after *the ban, the number of workers* dropped by only around 200,000 —and of this total well over 50,000 were Italians. Covered by EEC rules, they went home knowing they could always enter the Federal Republic again *freely if times became better.* The number of Turks, on the other hand, dropped by only *about 10,000. Most know that,* if they leave, the probability is that they leave for good.

Social

The second conclusion one might draw from the figures is that the threat to social peace must be substantial. Here there are rather more than 2m. foreign workers in a country which has more than 1m. unemployed and close to another 1m. on short-time work. Beyond that, political relations between the home countries *of some of* the migrant worker groups are hardly of the best. One has *only to think of the* strained ties between Greece and Turkey to feel that the close proximity of hundreds of thousands of workers from each country could prove an explosive mixture.

In fact the worst has not happened. One can almost hear the sighs of relief from the Federal Labour Ministry in Bonn that so far there has been so little friction. Certainly one hears individual grumbles to the effect that, were it not for the presence of the migrant worker, then more *Germans* would have a job. But it is noteworthy that up to now not many *Germans, even when they are* unemployed, are anxious to take up the menial duties which have fallen to a substantial proportion of the foreign workers over the years. This could change if the recession continues. An unemployed person has the right to receive 68 per cent. of his former net income for the first year he is out of a job. After this, at best he can receive only 58 per cent.—and that after a close official examination of the recipient's overall financial position. It may be that acceptance *of* a less-attractive job may then appear preferable. But *so far there is little firm evidence that* this development is occurring.

The generous level of unemployment benefit is thus one major reason why so little friction has developed, not only among native West Germans but between the native population and their foreign "guests." A further key point is that this figure of 1m.-plus unemployed does not represent a single block of people continually out of a job. A survey *earlier* this year showed that some 70 per cent. have been unemployed for less than six months and another quarter for between six and 12 months. Only around 70,000 have been out of a job for more than a year. Thus, relatively few are jobless long enough to allow their plight to resolve itself into bitterness against those foreigners who have been more fortunate.

All these figures do not, of course, include the number of foreign workers in West Germany illegally. Mention is often made of a total of between 200,000 and 300,000—but there is no firm way of knowing the truth. One fair pointer is that in 1973 and 1974 the authorities issued more than 25,000 warnings to employers for taking on foreign workers illegally, and more than 6,000 employers *were fined.* Under measures passed three years ago, jail sentences as well as fines can be imposed in serious cases.

At present it seems likely that the recession itself, rather than the existence of penalties, may be cutting the number of those employed illegally. For example, more than one-half of all foreign workers are employed in industry, particularly in metal working, and one-fifth in the construction sector. It would hardly seem to make *sense for employers to be running* the gauntlet of official sanction by employing *foreigners without permits* when there is insufficient work for those who are quite legally seeking a job. The informed guess is that many foreign workers who had jobs illegally have lost them, but far from leaving the country are staying on—generally in deplorable conditions, sometimes with friends —in the hope that things will eventually pick up.

Conditions

The question of conditions forms part of a much wider problem. Initially a migrant worker obtains a work permit only if no West German is available for the job. This restriction disappears either after he has been working continuously in Germany for five years or has married a West German. *(Again, Italians as EEC citizens* are excluded from this regulation.) There is thus a substantial number of foreign workers who have been in the Federal Republic for a long time, who are in the job market just like any other citizen and who show no disposition to leave. They often have their families with them and they tend to live in what Western Europeans would describe as ghetto conditions. When these migrant workers first arrived they tended to club together in any *case*—and even very poor surroundings by West German standards were better than *those they had known at home.* Besides, they generally wanted to save all the money they could, and the less they had to spend on rent the better. (In 1973 alone migrant workers transferred DM8.5bn. abroad against DM0.3bn. in 1960. Of the 1973 total, DM2.5bn. alone went to Turkey. But as time passes, a new generation is growing which will compare conditions not with the villages *of, say, Eastern Anatolia,* but with those in which West German school friends live.

Action to prevent the problem at least from seriously worsening came in April this year. Federal and provincial authorities agreed that no further foreign workers were to be engaged within areas where the *proportion of foreigners to West* Germans was already 12 per cent. or more—that is, over double the national average. The areas affected are the state of Hesse (including Frankfurt), Baden-Württemberg (including Stuttgart, Ulm and Mannheim) and Bavaria (including Munich Ingolstadt, Fürth and Nuremberg). *It will even be possible* to exclude foreign workers from entry to areas where the 12 per cent. level has not been reached if social services there are already seriously overburdened. Bearing in mind the widespread waiting lists for kindergarten places, the pressure on hospitals and other medical services and the widespread shortage of funds—it seems probable that use will be made of the latter provision.

Families

The problem with this action is that it will not prevent more family members from joining workers already in the areas concerned. The authorities have declined to take measures which would keep families separated, on grounds such action would be inhumane. The motive can only be praised, but the upshot could be increasing strains in areas least able to bear it.

In the long run, the only sensible answer seems to lie in *providing jobs for the workers* in their own lands. The idea is anything but new—but some current developments appear to favour its realisation. As wage and fringe costs rise in West Germany, so industry becomes increasingly interested in investment abroad. Further, there is a greater political awareness of the danger of allowing the European gap between the largely rich North and the *generally poor South to widen* further. If, as many believe, the West German home economy becomes increasingly orientated towards production of high technology and services while traditional industries evolve in the developing world, then the *Gastarbeiter* problem should gradually diminish. But that is a long-term view. In the meantime, the Germans are doing all they humanely can to *see that the existing difficulties* at least get no worse.

J.C.

ail and post

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Vaerst will propose. He announce his long-term by the end of the year— they are going to match roblem they will have to y radical.

theory the Bundespost an annual turnover of bn. and some 520,000 yees) is in a stronger on than the Bundesbahn. ne thing it has a monopoly y spheres of its activity as the letter and telephone es, while the Bundesbahn fight competition for *nger and freight transport.* another, the operational political burdens of the postal services are clearly much smaller. However, exactly because of that, the Bundespost has received *only minor Federal* subsidies—and indeed long had to pay a proportion of its operating receipts to the Government.

With an insufficient capital case and a vigorous investment programme (DM8.1bn. last year), the Bundespost has had to finance much of its growth with expensive, borrowed funds. The upshot is that in this year it will have a grand, accumulated *deficit of DM44.1bn.,* it will be paying out DM6.9bn. for debt servicing—and it will be running up new indebtedness to the tune of DM3.1bn.

One way to improve the posi*tion, of course, is to raise* charges. This has been done in 1971, 1972—and most recently in July, 1974 when the cost of an inland letter was raised to 50 pfennigs from 40, the fee for installation of a telephone rose to DM200 from DM120 and the monthly rental charge went up to DM32 from DM26. The *latter increases meant that for* 1974 the Bundespost was able to realise an increase in earnings of 12 per cent. although services delivered went up by only 1.9 per cent.

System

No more increases are expected in the near future. But already it is known that from 1977 a system is gradually going to be introduced under which those who make a *local phone* call of more than four minutes will have to pay for the extra time. *Little wonder* that, according to an opinion poll earlier this year, the number of West Germans who feel their postal system is either "excellent" or "good" has sunk since 1959 from an impressive 85 per cent. to 52 per cent.

There are one or two rays *of light in the gloom. For example,* the Bundespost is at last being allowed to retain the sums it previously paid to the Federal Government in order to increase its owns capital and reserves.

This is an important and, it would seem, long overdue improvement.

Further, efforts are underway to bring in a new postal constitution under which the Bundespost would resemble more closely in structure an undertaking in the private sector. That is to say it would have an Executive Board, a *Supervisory* Board—and ministerial supervision limited only to what was "*politically essential.*"

No one yet seems to know exactly what result would emerge from this reform—but the hope is that through a kind of dynamic tension between the respective propagators of the politically desirable and the economical sound, greater efficiency will emerge. In particu*lar, it is hoped that the reform* may bring a shakeup in what is at present a huge ministerial bureaucracy with a powerful, in-built instinct towards maintaining the status quo.

Still, it would be unwise to expect too much. Experts from both Bundesbahn and Bundespost have appeared before, armed *with plans which could* help the enterprises pay their way. They have been cut down to size by politicians who recognise that people have got used to the services both provide and are not prepared to give them up. The losses may be reduced, but the books are not likely to be balanced in the long run.

J.C.

Worker co-operation

The complicated system of electing worker representatives to the supervisory boards of companies is likely to be reformed, but the change will be a political compromise.

ONE OF the basic reforms promised by the Social Democrats when they came to coalition power was that the German system of *Mitbestimmung*, or worker co-operation in management, should be further developed so that a true balance of power between labour and capital inside a large company should emerge. The two coalition parties haggled long and hard to produce a new model of co-operation that was acceptable to both, and finally presented a bill at the beginning of 1974. Though parliament passed it, the upper house did not and the draft bill died in committee. Its demise was ensured by the Free Democrats, who had second thoughts on worker participation and at the beginning of this year demanded a fresh compromise with the Social Democrats.

There now appears to be a small possibility that a new compromise will be reached between the two parties before this month is out and that the SPD party congress in November will thus be given something to chew on. The chewing could continue for some time as the emerging solution would appear to be anathema to a socialist of high principles. There is also a good chance that the German constitutional court will have to have its say in the matter.

But while the average German will fully appreciate the fight that is still to come, the British reader will not. He has not been soaked in the incredibly complicated lore of worker co-operation and is therefore *in no position* to savour the critical intricacies that form the pressure points between those who believe that owners should run companies and those who do not. This article offers, if not a soak, at least an introduction to these complex arguments.

German companies are managed by a two-tier board system. The upper or supervisory board selects a lower management board to run the company on a day-to-day basis and otherwise concerns itself only with major decisions on investment, long-term strategy and personnel. It is in this supervisory board that *Mitbestimmung* operates. At the moment there are two systems in operation. In all companies with over 500 workers two thirds of the supervisory board are chosen by the owners and one third by the workforce. The workforce's representation is elected by secret ballot and in the larger companies often includes senior union officials.

Consultation

The second system applies only to the coal and steel industries. Since 1951 a radical system of parity worker *co-operation has operated* in these two industries that gives equal say to owners and workers on the supervisory board. Each group elects six directors — in the workers' case the choice is made by the *works council in consultation* with the unions — and together they elect a 13th "neutral" board member who provides a tie-breaking vote in the case of a deadlock.

The third system of co-operation that would, but for all the argument, have been added to the first two at the beginning of this year is aimed at creating "parity" between owners and workers in all companies with more than 2,000 employees. The original compromise envisaged ten supervisory board members from each camp and no neutral man or tie breaking arrangement. The worker representatives on the supervisory board would include representatives of the salaried staff of the company and also one "*leitende Angestellte*" — probably best translated as middle executive, although his exact rank is still the subject of some dispute.

The argument that has delayed the introduction of this system of worker co-operation, can be divided broadly into *three categories, all* overshadowed by questions from the side of both capitalist and worker as to whether the suggested scheme is constitutionally legal. The first category of argument revolves around the hypothetical "deadlock" when the two sides of the supervisory board are immovably at loggerheads. The experience of the coal and steel industries indicates that this is a problem that exists more in theory than in practice.

The SPD would argue that there were very few occasions when the neutral man in the coal and steel type supervisory board was called on to give judgment and that, even so, these boards were able to take the very tough decisions implicit *in the pruning of the Ruhr* mining industry in the 1960s, when 200,000 jobs were lost. Social Democrats also argue that the ability to take snap decisions is much more important to the management board than to the supervisory board, that the latter is concerned mainly with long-term thinking and thus has *time to thrash out a compromise* in the unlikely event of a deadlock.

Principle

Industrialists, on the other hand, argue that the structural crisis in the coal industry was overcome not by worker co-operation but by subsidies and redundancy payments and by the alternative employment created by an otherwise booming economy. They argue that the potential deadlock threatens to stifle the entrepreneurial motivation that is at the heart of Germany's social market economy. In fact, they tend to pick on the hypothetical deadlock because it represents the crisis point in the underlying question of principle: who runs a company, the owners or the workforce?

The second category of argument involves the role of middle management on the supervisory board *and the way* he gets elected to it. The idea that there should be a middle management man on the supervisory board arose out of FDP (Liberal Party) insistence that if a company's workforce were to have equal say *in* the running of that company, then middle management should have *part* of that say.

Argument with the SPD (Social Democrats) arose because the FDP wanted the middle management man elected by a direct vote carried out only in the ranks of middle management. The SPD demanded an election involving the entire workforce. The unions are thoroughly against what they see as the creation of a new interest group, which could well be outside the union works council sphere of influence, and which they fear will always tend to side with the owner-management representatives on the supervisory board. They have received some encouragement in this point of view because the Federal Labour Court has ruled that *Leitende Angestellte* implies top management and they thus feel fairly sure that a *Leitende Angestellte* cannot be regarded legally as a worker.

The third area of argument concerns the electoral process that puts employees' representatives on the board and the degree to which the unions should be allowed to play a part in this process. Here too the FDP leans towards direct elections by the workforce, while the SPD favours a system of indirect elections that will allow minority groups' interests to be protected and also, implicitly, give the unions more of a foothold in the system. The luckless compromise prescribed an extremely complicated system of electoral colleges, with specific provisions for the representation of appropriate trade unions.

The argument over worker co-operation has now been going on for so long and has become such a litmus test of political attitudes that it is not surprising that the question of constitutionality should be raised over any compromise that the coalition Government comes up with. Expert legal opinions have been produced backing the points of view of just about every pressure group in the discussion. One such, highly publicised because it was one of the earliest, suggested that "true parity" might infringe the shareholders' right to own property and the citizens' right of association—both of which are protected under the basic law of West Germany. Many conflicting legal opinions have now received an airing. The problem is that when and if the two political parties in the coalition do reach a compromise, the heads of the various lobbying groups—the German TUC and the German CBI, for instance—may feel duty bound to explore legal ways of getting rid of those aspects of the promise that they have paigned against.

With the problems of sion occupying every mind there was a period this year when it seeme worker co-operation migh be revised in this legisl Yet in July Chancellor Sc again reaffirmed that a co mise would be reached next year's general electio it now grows clearer tha siderable behind-the-manoeuvering has been on between the two co parties.

Separate

There are as yet no firm that these talks have le where, and there is a pos that the co-operation q has become such a t political principle that promise may prove im between two coalition that do, after all, have t somewhere if they are themselves separate par

Experts on worker c tion reckon that if the compromise it will invol cessions to the side of ship. Some mechanism established that will give ship a casting vote if the deadlock situation on the visory Board. This w seen as a major capitula the Left-wing of the SPD the unions, but it wo defended by an inverted to the experience of the c steel co-operation—that t ing vote is seldom need way. It would also g compromise a greater de protection from attack *stitutional grounds.* The to give parity to holders and workers h hanging around the c government's neck for tw and is evidence of the reforming power of a ment formed by two part different philosophies. I be encouraging for t parties to go into electi rid of this albatross—ev solution to the problem itself, in its lop-sided " a symbol of the di between the two.

The Federal Cartel Office and the Monopoly Commission keep a careful watch for threats to the country's free market economy.

Competitio

A HISTORICAL experience of economic dirigisme by a dictatorship, coupled with the presence of economies "centrally planned" by another dictatorship on the eastern border, has caused West Germans to elevate a competitive market economy to a state religion. If the Chancellor in Bonn is its titular head, the President of the Federal Cartel Office in Berlin is its Archbishop, and the two do not always see eye to eye. Then there are also the five members of the Monopolies Commission to watch over the ideological purity, lifting their warning fingers whenever the Government is obliged to deviate from the doctrine by political expediency or economic necessity and reminding the Cartel Office that price control *and other bureaucratic interven*tions can be an end of market economy even if introduced for its protection.

As with all established religions, lip service abounds and it is simply good manners to profess faith in competition. This is done daily by bankers whose industrial empires are little different from cartels or monopolies, by trade unions which could not be adverse to more economic planning and by business journalists who know that the ideal of unfettered competition is unattainable, human nature and the role of monopolies in world economy being what they are.

It is hardly surprising that this multitude of contradictory intentions harboured beneath a uniform ideology has greatly increased the role of the courts. Though the powers of the Cartel Office have been redefined and extended only recently by the 1973 Competition Act, the nature of these powers is now undergoing a radical revision by the Supreme Federal Court in Karlsruhe. It is of some interest that, after all the highly charged personalities of the Ministry of Economics, of the Cartel Office and of the Monopolies Commissio had their say, it is the Dr. Robert Fischer, Pres the Supreme Court and man of its anti-trust ben prevails.

On *the whole* it can that the Federal Suprem serves as a barrier agai regulatory ambitions th be nurtured by the Office. This is exempli two judgments of fund *importance handed do* August, 1975. The first, case of the *Health In Companies*, widens the tunity for anti-trust ment by private suits, second, in the case of *P Raw Materials* (BASF), the Cartel Office the po issue positive supply in cases of refusal to se reasoning of *this secon* ment could very well be also to the price activities of the Cartel which would deprive it possibility of ordering price reductions in cases it holds that the price high.

Largest

Prohibiting co-op between the two largest C public health insurance tions and four private insurance companies, Federal Supreme Court on July 29, 1975 that Se of Competition Act 1973 be *interpreted as protecti* only the public interest b interests of individual c and companies and that are entitled to damages f hibited anti-competitive tices of parties with who are in no contractual re Section 1 of the Act de restrictive agreements lik affect *production, distri* or services to be "ineffe In view of the importance the prohibition of rest practices has for a n economy, the Court conc

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Farms are generally very small by modern standards and many in addition are absurdly fragmented. Although there has been some success in rectifying this, it will take a long time to alter the patchwork of tiny fields and farmhouses.

Farming

S been fashionable to West German farming ng inefficient because are among the smallest EEC. But this structural is only one side of the

In terms of production e or per beast or bird s not much wrong, and sults bear comparison those anywhere else, y is 70 per cent. self- it in temperate food.

t farmers from some of "advanced" countries in and France—are not to go there to learn est techniques of hus- particularly for arable It must be borne in though, that as prices the main higher than re in Europe, farmers ore scope for innovating.

said, farms are still very y modern standards and them are in addition fragmented through eration of the "Code on" which compelled ision of a farm between owner's children.

mpts

have been numerous s to rectify this by re- ing holdings into self- ed units, and while this some success the very f the operation means will take a long time to the face of rural Ger- *with its patchwork of* lds and farmhouses in ages. Only in Schleswig , around Hanover and r northern Länder are ms of more viable size rly free of fragmenta-

ted a restructuring exer- cise near Stuttgart 12 years ago and then ten years later happened to call at the same farm. The total size was about 30 acres and on this the farmer had made quite a good living and had recently handed over to his eldest son. This young man did a five-day week in a Stuttgart factory and left the farm work to his wife and father.

At the time of my recent visit the son had saved about £3,000, and rather than spend it on furniture (his wife's choice) or on a new car, he had bought another two acres of land in five little plots some three miles from his own farm. He took no notice of the local farm adviser who said it was nonsense to spread his enterprise in this way, especially after the money that the Government had spent amalgamating the holding in the first place.

His justification, warmly backed by his father, was that in times of trouble such as the Germans had suffered after two world wars, only those with land were able to survive. He simply did not believe that *the boom, which was then at its* height, could possibly go on for ever. Once that bubble was pricked, he argued, the wisdom of having a farm would become obvious to all.

Previous German governments agreed with this philosophy. Instead of forcing farmers off their farms, such as has been done to a large extent in France since the war, the policy has been to take industry to the country. The result is that today, of the 1.2m. farmers in the Republic, only 400,000 are full time. The remainder work in industry or other occupations.

The stabilising effect of this in social terms is obvious. When an industrial worker has a farm to go back to during a period of unemployment, he will not be so likely to take part in political or industrial unrest as would a rootless proletarian.

Aids

The present German Government does not entirely agree with these sentiments, and has laid down that farmers should be capable of earning their owners at least £2,000 a year before they can qualify for the various State aids that are available. There is a policy of persuading the smaller and less viable farmer to sell or let his land so that it can be amalgamated into larger units. However, the present recession would seem to prove the point that to have a farm, however small, to fall back on, is the best insurance a man can have.

The Government is, however, showing signs of becoming much tougher with farmers generally, in line with the critical attitude that it has taken up over the cost of the Common Agricultural Policy. When the D-mark was revalued in 1969 farmers were protected by special payments against the consequent price falls due to cheaper imports. These are now to be phased out gradually, and at the same time a hard look is going to be taken at areas of over production, especially in milk products.

German Government spokesmen have been emphatic that farmers should take some responsibility for their over-production, and are suggesting that some sort of quota or other discipline should be imposed on milk producers. Herr Ertl, the Minister for Agriculture, has suggested that, as a Common Market measure, a slaughter premium for cows should be brought back into operation. In Germany consumption of milk products is falling as prices rise, but there is no sign of a significant drop in production.

Its certain that the Government intends these measures to be fully applied in Germany as well as in the rest of the Community. As well as being the major paymaster of the Common Market the German Government, through the *Länder*, is probably giving more in subsidy to farmers for structure and other aids than any other Community member, although the figures for this are hard to establish.

In practical terms, though, it is doubtful if these declared policies will be put into effect on a scale that would make for a significant reduction in production, particularly of milk. Although dairy herds are small and yields are not as high as, for instance, in Holland, the part-time nature of much of farming means that the ordinary economic criteria do not apply. *No wages have to be paid to the* family, and as most farms are lavishly equipped mechanically, the need for new investment to maintain or even increase production is not in any way a crucial factor.

Ironically, any tightening of margins would affect the small percentage of farms which *would be considered viable* in size in any other country where labour has to be employed and where a commercial rather than a part-time attitude to farming holds sway.

John Cherrington
Agriculture Correspondent

ompetition

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denial of legal protec- prohibited agreements threat of administrative e not enough. The courts also protect those who the rules and suffer by restrictive prac- others. The difficulty of g damages is not a t argument against g them.

Supreme Court thus hed a broad basis for enforcement of com- rules as an alternative rect intervention in rial decisions by the Office. This was checked Court when dealing with SF appeal, in the case *lyester Raw Materials* 1/74). The appeal con- a Cartel Office decision, n spring 1974, ordering to supply certain er raw materials to a m. The supply was to appropriate prices and, ssary, BASF had to cut s to old customers in o have supplies available e newcomer. A little *still in spring 1974*, the Office issued a similar order to AGIP, the -controlled oil company, g it to supply inde- t petrol station ors in the same way as its etrol stations — again ces had to be appropriate be allocation had to be evenly without distin- ng between AGIP's own network and independent distributors.

However, the Federal Supreme Court disagreed. It took the view that the Federal Cartel Office's power to prohibit conduct by which enterprises are hindered unfairly in their activities by firms on whom they depend does not include the possibility of substituting a positive order for a prohibition. The court held that, in view of the general assumption that the citizen is free, in so far as this freedom is not restricted by law, the powers given to the Cartel Office must be interpreted restrictively and the right of individuals as well as companies to entrepreneurial freedom must be protected against unwarranted intrusions *by public authorities.*

Successful

On the merger front, the Cartel Office has been successful so far in pioneering a stricter control of Press mergers. A broad agreement in principle was reached during parlia*mentary hearings in June 1975.* The proposed turnover threshold of control is, at DM25m., the lowest acceptable to the trade unions, while newspaper publishers consider it to be too high, as it would bring 20 per cent. of all enterprises under merger control. The passing of stricter laws is, however, not enough: in Germany, as elsewhere in Europe, resistance to concentration at home may well reduce competition on the world market, leaving it entirely to the highly concentrated U.S. and Japanese industries or to the oil sheiks.

The contradiction between economic necessity and free market ideology came to public attention in the case of VEBA-Gelsenberg, a merger by which the Government gained control over an electric power and oil conglomerate, with an annual turnover of some £3.5bn. Its history is of some interest because it illuminates not only the economic problems but also the relationship between the Government, the Cartel Office and the Monopolies Commission.

Towards the end of 1973 the Federal Government notified the Federal Cartel Office of the acquisition of a majority shareholding in Gelsenberg and of its intention to merge it with the Government - controlled VEBA. The Cartel Office prohibited the merger because it would have created or strengthened market domination in several sectors of industry. But three weeks later the Federal Government overruled the Cartel Office, declaring the merger to be necessary for the safeguarding of German oil supplies.

The Monopolies Commission resolved almost immediately to offer the Government unasked advice, as it is authorised to do by the law. One of the commission's recommendations was that links between oil companies and petrol stations should be severed. If carried out this would have affected all the major oil companies operating in Germany. The commission had also considered the possibility of improving competition by the disbanding of ARAL, which distributes petrol for VEBA, Gelsenberg and Mobil Oil, but refrained from recommending it for fear that such action might endanger the co-operation between the merged enterprises and Mobil Oil.

It was also admitted by the Commission that if VEBA/Gelsenberg were ordered to divest itself of distribution companies Hugo Stinnes and Raab Karcher, it would be at a disadvantage in comparison with multinational oil companies benefiting from a complete vertical integration. The Commission therefore accepted the Government's argument that, in the face of the cartel of the oil-producing countries and of the policy to link supplies of oil with deliveries of equipment for large industrial projects, Germany could achieve the necessary negotiating strength on the international oil market only by creating a large enterprise with State participation.

The Government also argued that the merger was necessary for the expansion of German oil refining capacities in order to reduce the 30 per cent. dependence on imports, revealed as dangerously high by the oil crisis. But the Commission was not impressed. Both VEBA and Gelsenberg admitted that in view of the world-wide surplus of refining capacities there is no prospect of constructing new refineries in Germany.

The Commission agreed with the Government that, taking into account foreign markets, the consideration of the *economic advantage and of public interest redeem the restriction of competition* resulting from the merger. But, when considering the purely domestic consequences, the Commission was *not at all certain that the* merger meets also the third condition imposed by the Competition Act, namely that the *restriction of competition must not be on such a scale as to endanger the existence of the free market economy.*

Solution

The Cartel Office found acceptable a solution proposed by the Hamburg Senate in its rescue of the Reynolds Aluminium plant. For environmental reasons the plant is not allowed to operate more than two-thirds of its 100,000 tons smelting capacity and is expected to run at an annual loss of about DM40m., which the American Reynolds company Inc. was not ready to bear. The Hamburg Senate, which invested in infrastructure, cheap power supplies and a 10 per cent. capital participation, decided to take over 90 per cent. of the equity. The idea of operating the plant directly was proposed by the Senate in the early stages of the project. The second alternative, to entrust the operation entirely to VAW, was rejected by the Cartel Office. The final acceptable solution was to create a non-profit making operating company, which would lease the production to three equal partners, Reynolds International, the VAW and the Austrian State-owned Metallwerke Ranshofen.

The Austrian partner will use its third of the output for the Austrian market, Reynolds will continue to use its share of the raw material, and VAW, in the near future at least, will supply its share to Reynolds, reserving the possibility of using the production capacity for itself in the future. The Cartel Office concluded that as a result there will be no change in the market situation and the takeover is therefore not objectionable. The price for such an ideologically clean situation will be borne by the citizens of Hamburg.

A. H. Hermann

The short-term outlook for the electrical industry is bleak, though the underlying financial picture is still strong. Although the German shipping fleet is efficient, it carries a very small proportion of the country's trade and trading conditions are difficult.

Electricals

AN EXTRAORDINARY state of organisational flux sets the electrical engineering and electronics industry apart from the general uncertainty currently affecting the whole of West German business. Both the consumer and capital goods sectors have been hard hit by the international recession; with an export ratio of almost 39 per cent. the industry needs more than just a domestic reflation to set it back on its feet.

The short-term outlook continues to be bleak, with the nominal rise in order intake during the second quarter of 18 per cent. (plus 27 per cent. at home, minus 5 per cent. in export orders) falling back to 13 per cent. between May and July (plus 21 per cent. at home, minus almost 9 per cent. on the export side). The hard-hit data processing industry is faring even worse: minus 5.5 per cent. in the second quarter, but down by 9.5 per cent. between May and July, including a 23 per cent. fall in export orders and a drop of almost 6 per cent. at home.

The severe recession could hardly have come at a worse time for AEG-Telefunken, since profits from its few really healthy sectors (such as domestic appliances) have been hit, and less certain areas such as brown goods have been in the front line of the downturn (though the opening of new markets for AEG's PAL design has cushioned the fall). The return to profitability of companies such as Olympia and Osram has also been delayed. In a kinder economic climate, all these might have done more to mitigate the devastating effect on its accounts of the near-DM700m. nuclear write-off.

Sceptical

Any AEG observer over the past five years must be highly sceptical about its statement in June that it would have made a profit of DM155m. last year, had it not been for the nuclear problems and several other "extraordinary events," such as the winding-up of its interests in the loss-making Telefunken Computer and the Datel organisation. The definition of "extraordinary" is a subject in itself, but there can be few years in which a major company does not have such items, and there is a strong case for classifying them above the "net profits" line, as Brown Boveri advocates.

The well-publicised nuclear problems, and the tussle with Siemens and the French over future ownership of Kraftwerk Union—including AEG's decision to hold on to half of its 50 per cent. stake after all—have diverted public attention from the group's other problems. Apart from lingering doubts about whether the brown goods sector has been sufficiently reorganised following its heavy losses in 1971-72, semiconductors are again a loss-maker (as in every recession and, to be fair to AEG, in almost every company). The most obvious problem child is Olympia, the office equipment subsidiary which has been struggling for years and has paid no dividend to AEG since 1971. Like many larger companies in the office equipment and accounting fields, the shift from mechanics to electronics was made too late in some product lines, and like several competitors, it needs closer links with a component manufacturer (semiconductors are becoming an increasingly significant part of its production cost) and/or with a company which has a stronger marketing position outside Germany.

This need was admitted two months ago by Olympia's top management. But it played down suggestions that AEG might want to sell it. Now that AEG has a new supervisory board chairman, Herr Juergen Ponto, head of Dresdner Bank, who has been examining the troubled group's future structure, Olympia is an obvious candidate for sale because of its relative independence from the rest of the group, but whether it would fetch a worthwhile price must be questionable at present.

In spite of Osram's losses, AEG's stake is much more in demand, as shown by the interest of both U.S. General Electric and Siemens (the other two current shareholders).

Siemens, as usual, provides the shiny side of the industry's earnings picture. Dr. Bernhard Plettner, President and Chief Executive, is continuing to narrow the profits gap with its seven major world competitors (though, as argued in the Financial Times on September 16, the gap is smaller than the company claims in public). But there are problems. Apart from the KWU/Osram complex, telecommunications and data processing are Siemens' main headaches, in terms of both current business conditions and organisational structure.

Telecommunications was Siemens' greatest single growth sector between 1970 and 1974; its share of total group sales increased to a quarter and its estimated profits contribution to over 35 per cent. This was mainly thanks to growing business and good prices from its main customer, the Deutsche Bundespost. But after a series of increases in telephone charges which dampened subscriber demand, Bundespost orders to its suppliers were slashed from almost 2m. lines to 1.2m., throwing many workers onto short time and some onto the redundancy lists. There is now a lively debate between the Bundespost and its suppliers, the former saying that the days of rapid telephone growth are over, the latter claiming that there is still plenty of scope if the Bundespost will only fully exploit the market potential.

The cuts had a double effect on Siemens and SEL, the ITT subsidiary which is also a major German supplier. Not only are there very few new markets outside Germany which are prepared to instal the exchange designs bought by the Bundespost, but almost every other telecommunications manufacturing country has experienced some sort of cutback, so that competition on the international markets is more intense than ever, with an inevitable depressant effect on prices.

In organisational terms, the problem in telecommunications is one of forming a string of alliances with foreign companies outside Germany in order to give Siemens' new, computer-controlled exchange design a chance of breaking into world markets. Short-term liaisons have been forged in the last few months with Plessey in Australia and SAT in France.

In data processing, the quest is now for a long-term partner following the collapse of Unidata by the desertion of, first, the French, and late this summer, of Philips. To the background of a severe slump on the German computer market Siemens urgently needs to protect its home position against IBM—which has been particularly bitten by the recession—by being able to offer a whole range of new computers to replace its ageing 4004 line. Its main problem at present is at the upper end of the range, which should have been filled by two large French-made computers. If, as seems likely, the Franco-U.S. merger which is now being consummated puts paid to French manufacture of these machines, the question is whether Siemens will really be prepared to make them in Germany—as it has suggested—and have an isolated product line and marketing network, or whether it will cut its losses and go for a longer-term link with Sperry Univac of the U.S., Britain's ICL or a Japanese partner, the first two of which could immediately supply the necessary technology.

Losses

Siemens' data processing losses in the fiscal year which ended at the beginning of this month were only slightly below the previous year's DM200m. making this (followed by Osram) the main candidate for surgery in the group's quest to increase profitability. Tighter cost control and better management right through the group, together with a fall in the investment burden, have already given it a far better profit margin than in the last—and less severe—recession of 1971, but the real test of a lasting improvement is still to come, since its return on capital employed has only just recovered to the level of 1968/69. (These issues were dealt with at length i[n] September 16 article).

The slump in capital i[n]... ment by West German ind... has been hotly debated, b... Siemens' case it is part... structural trend, rather... the result of short-term fa... With the average age o... machine tools now only ... ten years—five in the el... nics sector—the group can... a stagnating, or even a f... level of domestic capital i... ment for several years wi... fear of damaging its futu...

This attitude reflec... gradual shift towards the A... Saxon stress on shor... rather than long-term ... ability, but from a p... of well-prepared lon... strength, unlike many B... companies. But there ar... enormous differences in t... countries' business app... including the attitud... exports.

The foreign order int... Siemens' power engin... division almost double... 1973-74 compared with th... vious year, and between 1... and 1973-74 the entire ... increased its order intake... the oil and comm... dependent countries to DM... from DM300m., represent... per cent. against 8 per c... its total export order ... Few major British com... outside the constructio... process plant industry... match that. It ob... demonstrates a much ... marketing effort, but ... also reflect a greater re... to take very narrow ... margins in order to ... employment in its domes... tories. British industr... learned a bitter lesson f... experience of unprofita... port contracts, especially... heavy plant business... German companies ma... stronger underlying fi... resources and they ca... afford to be less concern... the effect of their ... results on the stock mar...

Christopher L...

Shipping conflict

IT COMES as a bit of a shock, perhaps, to discover that shipping costs play an important part in West Germany's "invisible trade" deficit. But this nation, which accounts for well over 10 per cent. of world trade, has a merchant fleet that controls only something under 3 per cent. of the world's shipping tonnage.

But, although the fleet is a relatively small one, it is very efficient with a creditably high rate of replacing obsolete and out-moded vessels. It has to be. The conditions under which it operates are difficult by any standards and, in order to maintain profitability, owners have been forced to introduce the most up-to-date methods of operation.

Revaluation of the D-mark and the history of the recent "float," while enhancing national prestige, have hardly been welcome for German industry in general. But, for the shipping concerns, the upward course of the D-mark against the U.S. dollar became a cross that was very hard to bear.

In 1973 the steady upward spiral of the D-mark became, forgive the pun, a veritable via dollar-rosa. The position was much the same at the beginning of this year although the recent strong surge in demand for the U.S. currency will, if it is sustained, provide considerable relief.

The basic problem is that West German international shipping companies are paid the lion's share of the freight charges in dollars, while a major proportion of their running costs—such as wages, repairs and equipment costs—must be paid in D-marks.

Indeed, at the beginning of this year the West German shipowners association, the Verband Deutscher Reeder, stated that the drastic decline in the U.S. currency's value in recent years had cut the value of dollar earnings by about 70 per cent.

In its statement, the association expressed grave anxiety over the pounding the dollar was taking in the money markets. In the first quarter of the year, it fluctuated around

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ical

Germany's steelmakers are currently in the middle of a downturn. This may be longer-lasting than is usual in an *industry which customarily suffers* from cyclical variations.

Steel industry

IS a grim year for the German steel industry. nation's steelworks and ; mills are working well capacity and vast num- if the labour force are on time. The current reces- has knocked the bottom f the market and this rs to have taken many of ition's steel producers by se.

steel trade has always highly cyclical business. istory of the industry over ast 30 years is littered booms that were forecast and run, but which, in wiftly ran out. The brief of 1974 was no exception.

year was a vintage one e steel industry. Demand trong and profits—rarely arge in the industry—rose ragingly. But it was not to id, in the autumn, reports d out that demand was off alarmingly.

mand

as late as August, 1974, the writing was on the leaders of the West n steel industry were redicting continued strong d. Even as late as March ear, the Thyssen Group, Germany's largest steel forecast that the 1974 usiness year, which ended nber 30, was likely to e satisfactory results e performance in the ve months had been so

the time that prediction ade, the Executive Board considering introducing time working during the nonth, April. Further- the May order book was rse that only three days tion was covered by Certainly steelmakers ed to manufacturing for ckpiles—stocks, after all, ssential to cope with upturns in demand—but iblic statements by the n did seem a trifle vain- is.

tesmen for the giant warned observers not to oo much into the May position. Short-term were being taken, they nd within a day the order on could have substan- changed—with four or ays' production covered ers.

sen's business year has and it will be interesting how it has turned out. A ional report is not ex- much before the year's d the audited figures are ely to be available until next year. However, one be hazarding little to bet n the steel side—which ar accounted for 94 per f turnover—they are far any normal definition of rd "satisfactory."

While Thyssen, together with other leading steel producers, have hardly been loquacious on the subject, the situation which was bad in March has rapidly deteriorated. The order position has been worsening month by month, while costs have heavily increased.

If, indeed, this turn of affairs has caught the steel industry on the hop, the steel men have few real excuses to make. The 1974 steel boom was largely sustained by high export demand with overseas sales in some cases rising to account for 40 per cent. of turnover. Home demand was weak with the motor industry and the construction industry—both major consumers—deeply in recession.

Despite substantial increases in demand from the Middle East, it was clear that major markets in the West were in for an economic downturn of more than usual proportions. In the U.S. industrial activity was declining sharply—a strong indication that even if German steel producers did not feel the pinch other important manufacturing nations would and that this would sharply increase international competition.

The degree to which the effect of the downturn was under-estimated by the industry is illustrated by a report published in mid-November last year by West Germany's steel merchants. They estimated the industry would face a decline in domestic demand of between 2 and 5 per cent. in the first half of 1975.

At the very moment this forecast was being produced, home demand was falling far more dramatically. In the final quarter of 1974, domestic orders for ordinary rolled steel finished products declined by 24.6 per cent. against the same period of the previous year. At the same time, foreign orders dropped by 47.8 per cent.

An indication of the depth of the recession in the industry can be gleaned from this month's interim report of Roechling-Burbach, a leading steel producer in the Saarland. They announced that volume production had fallen by 29 per cent. in the first half of the current year.

Turnover figures, which showed a first half 22 per cent. decline, were given in the form of monthly averages and tended to disguise the steady downward trend during the course of the first six months. But the concern pointed out that since January the figures have gradually worsened.

The most gravely affected sector was exports where sales—averaging DM66m. a month—lay some 29.4 per cent. below the DM93.5m. recorded in the first half of 1974. Home turnover was also heavily off, averaging only DM80m. a month, some 15.5 per cent. below the DM94.7m. monthly average recorded in the first six months of the previous year. All in all, the figures indicate that the Saarland's grim prediction that steel production will be down by 30 per cent. this year will not be far from the mark.

Another disturbing fact is that although production has fallen heavily, the industry's costs have been relatively little affected. Roechling-Burbach reported that direct material costs over the first six months of 1975 declined by only 5.9 per cent. Raw materials had continued steeply upwards despite a heavy fall in steel prices.

Personnel costs are also causing problems. Late last year the employers settled with the powerful I.G. Metall—the giant metal workers' trade union—for a direct pay increase of something over 6 per cent., while improvements in fringe benefits pushed earnings up by an overall 9 per cent.

Roechling - Burbach's measures, such as a strict halt to all recruitment, the abandonment of all overtime and the implementation of widespread short-time working, held personnel costs at the previous year's level. Most of Roechling's competitors appeared to have more or less shared this experience but the steel concerns are now facing a new 8 per cent. claim from I.G. Metall.

Restrained

Though by normal British standards the pay claim is remarkably restrained, it is being viewed with deep concern by the steel producers, especially as improvements in fringe benefits can be expected to substantially increase the costs of the settlement. Although it is expected that the union will settle for a more modest increase, there will still be an increase which will be near impossible for the steel concerns to absorb. And this means that they will almost certainly have to re-examine their policy on redundancies which have so far been held to a minimum.

Earlier this year, West Germany's steel makers were pinning their hopes on an upturn in the domestic economy taking place in the autumn of this year. To-day the upturn has still not arrived and even the more optimistic economists are putting the most likely time at mid-1976.

Certainly, things have started to improve in the domestic car market, although exports remain depressed. But, as a senior executive of Thyssen pointed out, the motor industry absorbs some 10 per cent. of the giant's output and even a 30 per cent. increase in vehicle production adds only 3 per cent. to demand for Thyssen's products.

The key to domestic recovery is the construction industry—a vital bulk steel consumer—which is deeply in recession. The Federal Government has taken measures to stimulate building, but with at least 300,000 homes empty in the Federal Republic and housing starts 17.3 per cent. below an already depressed 1974 figure, the homes market is not likely to pick up for some time. Furthermore, demand for commercial building can also be expected to remain low for some time as companies shelve expansion plans.

G.H.

Shipping

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the DM2.30 mark, on some occasions moving substantially below that point. In the first three weeks of the year alone the value of the shipping concern's dollar earnings plunged by 3 per cent.

Despite this both Hapag-Lloyd and DDG-Hansa, the leading West German shipping concerns, reported handsome improvements in earnings for 1974. Hapag-Lloyd, West Germany's largest shipping line, paid its shareholders a 12 per cent. dividend plus a 12 per cent. bonus after pushing up turnover by 34 per cent. to DM1.45bn. and increasing pre-tax by 28 per cent. to DM60.4m.

Hansa Line paid a 14 per cent. dividend for 1974—a very substantial increase on the previous year's 9 per cent. The concern reported that 1974's turnover of DM484.4m. was 96 per cent. up on the 1972 figure of DM246m.—a creditable performance over two years. At the same time net profits rose from DM2.7m. to DM10.5m.

The 1974 performance, according to Herr Jakob Kruse, spokesman for Hapag's executive board, was in great part attributable to relatively stable relationship between the D-mark and the dollar during the course of the year. Furthermore, capacity had been fully utilised and there had been no major strikes in important trading areas.

This year is unlikely to be as good as 1974. The recession has bitten into world trade turnover and cargo volumes are considerably down. The tanker market is, of course, heavily depressed. The German ship owners have warned shareholders that they cannot expect the same sort of payouts as last year. However, while freight earnings have been hit by the recession, the upward course of the dollar against the D-mark brightens the picture for the West German owners and, if it continues, could perk up D-mark earnings considerably.

The small size of the West German merchant fleet means that around 88.5 per cent. of all inward freight earnings and 81.5 per cent. of all outward freight charges go to foreign shipowners. While this goes somewhat against the German ship operators' grain, foreign competition is viewed as a fact of life.

However, recently the German operators have been increasingly concerned with what they believed is unfair competition from Eastern Europe. Herr Kruse of Hapag has gone so far as to accuse them of "dumping" and of charging unrealistically low freight rates for political purposes.

Just over a month ago, Herr Kruse warned Western shipowners that they should bear in mind "Communist fleets were being used predominently as political and strategic instruments of the Soviet Union." They were "muscling-in" in the liner traffic of liberal Western nations. Every time Western shipowners tried to adjust their rates to meet "these dumping prices" the East Europeans lowered their's still further, he said.

Herr Kruse's language was strong and uncompromising and, fairly and squarely, he accused the Russians, in particular, of double dealing. Things are, perhaps, not quite as simple as this—after all in two such incompatible systems as the centrally planned economies and the Western liberal capitalist economies, how is it possible to determine who is dumping what? But the German shipowners, nevertheless feel a very real sense of grievance. After all, as Herr Kruse points out: "No Western shipping lines are allowed to pick up a fraction of the cargoes in Russian and other Eastern Bloc ports that are commandeered by Comecon vessels in our own harbours."

Downward

These feelings have, no doubt, been exacerbated by the downward trend in the shipping market and the pressure may decrease if the recent East-West deals—such as the recent wheat sales to Russia—stimulate the market. However, the downward trend of the market has not deflected the nation's ship owners from their investment programmes.

Orders for new vessels by West German owners have continued upwards. Some 96 new vessels are currently on order, not including coasters. The tonnage totals 3.6m. d.w.t. and some 71 per cent. of it is placed with German shipbuilders. Hapag-Lloyd alone plans to invest some DM1.3bn. up in an investment programme running up to mid-1978—and this figure is not far short of 1973 turnover.

The West German shipbuilders, themselves, report that the order situation is most satisfactory. There is, however, concern at the fact that the proportion of orders from West German shipowners is steadily decreasing. In 1974 only 11.5 per cent. of the tonnage and 20 per cent. of the value came from West German fleets. German shipowners, it seems, are looking to foreign yards as a means of offsetting dollar-D-mark disadvantages.

However, in 1974 West German builders delivered 138 sea-going vessels reaching a total of 2.16m. gross tons, against the 1.9m. gross tons delivered in 1973. This gave Germany a 6.4 per cent. share of the world shipbuilding market and ranked it third after Japan—which built a mammoth 16.89m. gross tons—and Sweden which built 2.18m. gross tons.

Despite the satisfactory order position, West German shipbuilders are showing increasing concern at growing State help for the shipbuilding industry in competitor countries. West German builders have made strong representations to Bonn to press for the progressive reduction of State help for shipbuilders in other countries.

West German builders do not believe that the answer to their problem lies in the introduction of State aid for themselves. They do not see this as leading to freer trade, rather the reverse. Instead they believe that it is best in the long run for the world's shipbuilders to compete on level terms.

Declines

As opposed to the shipbuilders, who appear to be bearing up reasonably well in the current recession, the nation's ports, on which heavy capital investment has been lavished, are suffering considerably from the declines in trade volumes. The massive port of Hamburg in its latest report stated that in the first six months of the year decreased foreign demand had hit export business heavily, while incoming cargoes stagnated.

The recessive tendency, it said, inevitably hit transhipment trends. Indeed, West German seaports between January and May of this year handled only 53.7m. tonnes, against 64.9m. tonnes in the same period of 1974 General and bagged cargoes appear to have been the most heavily affected.

In Hamburg itself, the port handled a transhipment volume of 23.4m. tonnes in the first half-year. This was 13 per cent. down on the same period of last year. General and bagged cargo was most heavily hit and at 6.9m. tonnes was 15.9 per cent. down on the 1974 figure.

Grain deliveries to Comecon countries provided a useful boost for suction cargoes. While incoming cargoes fell slightly compared with the first half of 1974, consignments out rose by 27.6 per cent. to 856,000 tonnes.

Container traffic was also hit by the declining economic situation. Although throughput totalled some 124,000 containers in the first half—some 9,000 more than in the same period of 1974—the actual weight handled dropped by 90,000 tonnes to 1.31m. tonnes.

All in all, the West German ports are not expecting any miracles in the second half of the year. Trade is likely to remain depressed although the recent U.S.-Soviet wheat deal could help transhipment figures. The Port of Hamburg has stated that it does not expect total transhipment this year to exceed the 50m. tonnes point. But in the longer term it is optimistic—as well it should be with Germany's industrial and economic muscle behind it

G.H.

Germany's slimmed down motor companies are currently as well placed as any in Europe to face the future. In the aerospace sector attention is being paid to collaborative programmes and to the possibility of setting up a wider European-based industry.

Motor industry

MORE MAJOR new models have come out of the West German car industry in the last 12 months than from any of its main European rivals. Volkswagen has produced the small Polo—preceded, a few months earlier, by the Golf—while Ford has launched the Escort (designed jointly with the U.K.), and Opel fresh versions of the Ascona and Manta; at the same time, among the prestige cars, BMW has brought out its "3" Series, and a number of variants upon its "5" Series.

The most remarkable feature of these different developments is that virtually every model has something to be said for it as a response to the problems posed by the oil crisis. All these cars, even the BMW, have been designed with an eye to economy, and the VW and Ford models, by their extremely strong sales performance so far this year, have in particular shown the rising vitality of the small car sector. Germany has emerged with a range of vehicles which should stand up well to the next five years or so.

This displays the basic strength of the German car industry's marketing and product planning policies. There is little doubt that BMW, for instance, despite its carefully fostered image of power and aggression, decided a few years ago that economy motoring would be a trend of the future. The crisis came earlier than BMW thought—perhaps five years too soon—but it had the engineering foresight to be able to introduce variations in the "5" Series and the smaller "3" Series which tap a growing customer need.

Meanwhile Volkswagen, at last coming to terms with the ageing of the Beetle, has successfully plagiarised on the French and Italian idea of the small family saloon of the future—the five-door hatchback. Again, it has built economy into the engines, although Germany, like the U.K., has never in the past placed the same importance on low petrol consumption as its two main Continental rivals. Already the Golf has taken off to a spectacular success both in its home and overseas markets.

The last 12 months, however, have also displayed the Achilles heel of the German motor industry: its reliance on the strength of Volkswagen; its dependence on exports; its comparatively high costs; and vulnerability to exchange rate variations. Some of these problems can be regarded, conversely, as basic long-term strengths which have only temporarily turned against Germany. Strong exports have been a major factor in VW's spectacular post-war growth record, and in the dominance that Mercedes has established in the truck industry.

However, as the situation stands at the moment, VW is faced with the difficulty of having to work out a new overseas strategy. The remarkable record of the Beetle in the U.S., which in its hey-day had sales of 500,000 a year, has given the company a dealer network which on the one hand is a great asset, but also needs to be served with a profitable new product. VW admits that the Golf (or Rabbit in the U.S.), for all its early success in America, is extremely thin on profits: and Mr. Tony Schmuecker, the new VW boss, has made it clear that profitability rather than output is the prime current consideration.

Hence VW's prolonged talks recently with U.S. companies about the means of setting up a manufacturing establishment in America. The German company believes that with lower land, fuel and wage costs across the Atlantic it is the most obvious way of retaining its stake in the U.S.: but to establish a factory will be costly for a company which has only recently had its first experience of borrowing money.

Hampered

Exchange rate fluctuations against the U.S. dollar have also hampered other European companies, notably Renault, this year. The German motor industry's particular vulnerability lies in the huge amount of exporting it does, with its special concentration on the *American market: it is notable,* for example, that although the Japanese car manufacturers have become extremely aggressive exporters, they seem to like to keep a balance of about 70 per cent. home sales.

In the case of Germany, Volkswagen has for many years exported more than 50 per cent. of production, while Mercedes, BMW and the German subsidiaries of Ford and General Motors (Opel), have also been active overseas. Opel has actually decided to stop exporting its new Ascona and Manta models to the U.S. until there is a redress of balance in the exchange rate, something which may have begun to happen.

BMW and Mercedes have tended to spread their exporting efforts more widely than VW. On the truck side, for instance, Mercedes is currently expanding swiftly in the Middle East, but has already made it clear that it wants to keep sales in this area in strict proportion to sales elsewhere. Its policy of careful global development, with a spread of activity has so far paid off.

Last year Mercedes was, indeed, the outstanding success of the German industry, improving sales and profits while everyone else was being forced to cut back. Its world strength in the truck market—as impressive in its field as VW's former dominance in small car sales—was a major factor in its stability, and it has encouraged other European companiess to look harder at their truck manufacturing resources. Fiat has now put together a Europe-wide network of truck manufacturing plants, while both France, through Renault, and the U.K., through British Leyland, are rapidly increasing investment in this field.

Hence competition in trucks will inevitably grow in Mercedes' home base, just as it is doing in the car sector. This poses one of the major questions for the future: the strength of the German industry to withstand imports in its own base, and its fitness, in terms of product, to face up to the current levels of competitiveness.

The omens appear good. Despite the German car industry's tendency to concentrate more of its resources on larger models than either France or Italy, it has moved characteristic speed to its range down the marke the past two or three Within a year, to suppl the new VW models, the also be a smaller Ford Bobcat—to plug the gaps were opened up during crisis.

At the same time, G motorists have been sl that the larger car is no Sales in the Granada-size have actually increas Germany this year (a have in France), and i regain a respectable share across Europe—as optimists believe they wi German industry is equipped to respond.

In the truck market M will inevitably face inc pressure, though few dou its technical strength g a lead which will be hard back. Picking up expo Europe is possibly more than in cars, as Merced found in its attempt trucks in the U.K.; and same time the U.S. nationals have prepared selves for a big push in I

But despite these cha the outstanding features German industry—its hi duction quality combine good marketing know remain. These have sh signs of abating. Nor, o past year, has it been a the kind of tough mana decisions for which industry has become despite VW's trouble phasing its cut-back industry as a whole lo 60,000 workers, and a c like Opel, while chop production by a third, w able to declare a profit.

Terry Dods

Aerospace

PROBABLY MORE than any other of Western Europe's aerospace industries, the West German industry is hoping that the plan recently announced by the EEC for the eventual establishment of a major European-wide aerospace industry will come to fruition.

For although the West Germans have made a considerable success of their aerospace activities in recent years, they have been finding that, even within the compass of international collaborative programmes, the heavy volume of aerospace spending has been putting a severe strain on national resources. With the rising cost and complexity of modern military and civil aircraft, engines, missiles and space systems, it has been increasingly obvious for some time past that even the present comparatively limited system of co-operative agreements within Western Europe will be inadequate to meet the needs of future world markets, and that a wider industrial and financial arrangement must be established if current U.S. domination of European and world markets is to be met, matched and perhaps even conquered.

Current West German plans envisage aerospace spending of some DM3bn. a year for the next three years, of which military expenditure is expected to take the biggest single slice, at around DM2.5bn. (primarily for the production phase of the Anglo-West German-Italian Multi-Role Combat Aircraft and continued production of the Franco-German Alpha-Jet combat-trainer aircraft). Civil production, currently centred on the A300 European Airbus and the VFW-614 short-haul feeder-liner, is expected to take from DM240m. in 1974 to DM350m. by 1978.

Between them, those four programmes currently dominate the budget, and are likely to continue to do so, with the rest of the available aerospace cash being devoted to a limited volume of missile development and production, the West German share of the sp grammes now centred European Space Agenc most notably the Spacel for a manned orbital w to be carried into orbit of the U.S. National nautics and Space Adm tion's Space Shuttle gramme), and some pu space research.

Should the pressures budget result in cutb aerospace spending, it likely that they will fall all on the research ac with efforts being m retain as far as possi existing major prog around which the indus been built—Airbus, VI MRCA, Alpha-Jet and S

What does appear emerging is recogniti there is little financial manoeuvre over the next tion of civil aircraft d ment in Western Europe as West Germany is con While there is much

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Chemicals

A fall in demand has led to a decline in profits, but the worst may now be over and long-term prospects for growth worldwide are good.

:HEMICALS industry has, ıt years, emerged as the manufacturing sector in ı Germany with a turn- some DM83bn., ahead electrical and mechani- ıneering industries. Its ize not only influences lth of the chemical in- ın Europe but, to a sig- extent, the supply situa- ·rldwide.

was fitting that in the ek or so, for the seventh ince 1952, Germany— orf to be exact—should ·lace of pilgrimage for experts from all over ·rld. They have been ıg the International and Rubber Fair, held ountry which produced per cent. of the world's ion of plastics (40m. last year. It is no acci- at Germany has one of best consumption rates tics in the world. Latest indicate that the Ger- re using some 79 kg of per head of population nst 58 kg in the U.S., n France and just 35 kg J.K.

loubt the thousands of y specialists who have ttending the Düsseldorf ve been hearing about ıt potential still to be by the plastics industry icular and the chemical y at large. And it would acteristic of the German ies for them to empha- eir determination to be the growth.

companies, however, ave found it difficult to he short-term problems ave forced them to cut production, lay off ıds of employees and to future investment plans. ıy, as with countries ıout the world, has wit- nessed its chemical industry suffering from the biggest bout of depression ever remembered.

Recent results of the German "big three" chemical groups — BASF, Bayer and Hoechst — serve to illustrate the severity of the international recession. According to a European Chemical News survey, the German companies started 1975 in a bad way: plummeting levels of production and exports during the last months of 1974 led to an 0.6 per cent. fall in volume production for the year. During 1974 some 20 companies in the industry went bankrupt or were taken over by larger groups: by December 28,000 people were working on short-time and 18,000 had lost their jobs altogether.

Overseas

The industry then wondered whether it could even sustain the level of production in 1975; particularly in view of the fact that West Germany expects to export some 45 per cent. of its chemicals output. Fears that overseas markets were falling flat were well founded. The "big three" all reported big drops in exports in the first six months of this year: Bayer — hardest hit of the trio— reported that overseas turnover had dropped by 21.1 per cent. compared with the first half of 1974. Hoechst disclosed a drop of 19.6 per cent.

When these exports are set alongside the drop in home consumption, it has been inevitable that the companies' turnover and profitability have suffered. Bayer A.G., the German parent company, saw its turnover fall by 17.9 per cent. in the first half of this year against the same period in 1974, while BASF parent's turnover dropped by 17.6 per cent. Hoechst bore up best but even so *it reported a fall of 14.3 per* cent. Profitability fell even more steeply, by 54 per cent. in Bayer's case. (Its group profits fell even further—by 67.3 per cent.).

There are some straws of *encouragement for these com*panies to grasp, however. First, it seems that their prolonged bumpy ride along the bottom of the depression is now coming to an end. The Munich-based IFO Institute was predicting in July that the low point in the industry's fortunes had been reached. Expanded home demand was expected to provide the main stimulus for the recovery—albeit a slow one.

Secondly, amid the recent gloom, the German companies' overseas operations have been proving relatively resilient. This augurs well for the investment plans now emerging from the major chemical groups.

In recent years the companies have been seeking more and more overseas investment opportunities. Indeed, capital investment in Germany last year remained at 1973 levels. This policy will have a significant effect on the economies and employment prospects of a number of countries, for the German companies control the purse-strings of massive resources. For example, Hoechst has started an investment programme put at *DM2,800m.* Bayer planned to spend DM8,600m. in the period 1974-78 and BASF DM11,600m. in the years 1975-79. The prolonged recession in the chemical industry has inevitably caused these companies to reassess at least some of these projects: inflation has added millions of D-marks to the cost of individual schemes. Nevertheless, the figures give an indication of the *German chemical industry's* spending power.

The fact that a higher proportion of the money will be spent overseas in future is due to a number of factors. First, exports—upon which the companies' *fortunes are heavily* reliant—are vulnerable to currency fluctuations which have become so common in recent years. Second, a slump in this big export market can rebound badly on capacity and employees at home, as Germany has seen this year.

Thirdly, the very high wage levels in Germany have been something of a constraint, both in terms of plant development and operation.

Regulatory

Fourthly, like companies in a number of other countries, the German groups are being increasingly frustrated by the *tightening grip of regulatory* controls (and those achieved by political and public pressure). In the pricing area, for example, pharmaceutical companies, in particular, have been having trouble in raising prices to meet research, development and manufacturing costs. This is important to both the domestic and export markets as international drug prices are largely influenced by the levels adopted by the home country. And Germany *is one of the world's* largest exporters of pharmaceuticals; if not the biggest.

Another regulatory frustration is felt in the broad environmental area. Pollution controls have already had a restrictive effect on the chemical industry's development. Not only have companies spent considerable sums on environmental protection — BASF's new effluent treatment plant at Ludwigshafen alone cost DM455m.—but there have been considerable delays to the commissioning of new manufacturing units.

Through the EEC Germany has been pressing for a policy of "equality of misery," as it is seen in the U.K. That is, the tough anti-pollution laws now being implemented and applied in Germany and Holland should be adopted throughout the EEC so that no individual country or national industry is at a disadvantage. Not surprisingly, the suggestion is being opposed by the U.K. chemical industry and the Department of Industry, which take the view that an environmental policy aimed at protecting riverside industrial areas (the Rhine in particular) is unnecessarily restrictive to an industry largely developed on coastal or estuarial sites. Most of Britain's major chemical plants have wind and tide in their favour.

So the expansion abroad of German industry seems here to stay. Particularly popular with the German companies are the U.S. and South America where raw materials and large markets are available. The Germans are also casting their net widely throughout Europe, including the U.K. with its attraction of local feedstock (North Sea oil and gas) and coastal development sites.

Bayer has said for some time that it is considering building a "major complex" in the U.K. (the first investment of any size in the country). Now there are reports that Bayer has formed a consortium with three other German groups to evaluate the possibility of building a petrochemicals complex in Scotland or the north-east of England. BASF, Veba Chemie and Wacker-Chemie are the other partners in these tentative discussions.

According to reports coming out of Scotland the investment in the processing complex might amount to some £450m. Furthermore, it is likely that, should the development go ahead, it will be assisted by the security of having potential feedstock nearby in the North Sea. It cannot be overlooked that Veba has an interest in the North Sea oil development programme through its Gelsenberg subsidiary.

Surprisingly, perhaps, for all its strength and worldwide impact, the German chemical industry has not invested overseas on the scale of some of the other national industries. This was a point taken up by Professor Matthias Seefelder earlier this year. Speaking in his capacity as a member of the praesidium of the German Chemical Industries Association, he pointed out that other European countries such as Britain, France and Switzerland were still "*several lengths ahead*" of the Germans in the field of foreign investment. Comparison with American investment in West Germany in the past ten years indicated the scope for overseas spending.

Professor Seefelder emphasised that investment abroad had nothing to do with the export of work places. "What we are dealing with here is a sensible expansion and ultimately a stabilisation of export orientated home production." So the German chemical industry which has established such a formidable domestic and export reputation is now entering a new era of internationalism.

Ray Dafter

ıerospace

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the U.K. and France on *sibilities of developing* a ·edium-range 170-200 seat that Europe could build 1980s in order to meet ition from the U.S. such as Boeing with its nd McDonnell Douglas s DC-X-200, it is believed 'est Germany is quietly ıg that any such venture to be evolved from the g European Airbus and ıufacture undertaken by anded Airbus Industrie, onsortium building the . The West German indus- believed to feel strongly would be financially and ·ially pointless to embark ıe creation of yet another European consortium a satisfactory one exists into which several ·ds of millions of hmarks (as well as ı, Dutch, Spanish and ı money) have been . Deutsche Airbus, a con- n, comprising Messer- t - Bolkow - Blohm and Fokker, holds a 47.9 per stake in the European (the other companies ed being Aerospatiale of ·, Fokker-VFW of the rlands, CASA of Spain awker Siddeley Aviation U.K.). Airbus Industrie has extensive plans for ng the A300 into a ly" of jet airliners for a variety of range-payload mances over the next ı or so.

ilarly, on the military there is a move to try to promote the future development of the existing major consortia working on the MRCA—Panavia on the airframe side (which includes MBB and British Aircraft Corporation each with 42½ per cent. and Aeritalia of Italy with 15 per cent.) and *Turbo-Union* (which comprises Motoren-und Turbinen-Union München and Rolls-Royce, each with 40 per cent., and Fiat of Italy with 20 per cent.). It is argued that, no matter what happens with MRCA (whether, for example, the existing plan to build more than 800 aircraft is cut back or the programme spread out because of financial stringencies in the participating countries) there will continue to be a need for new military aircraft in Europe reaching to the end of this century and beyond, and that Panavia and Turbo-Union, perhaps suitably widened to include French, Dutch and Belgian representation, could provide the ideal basis upon which to build.

One argument that strongly supports this thesis is that had a lightweight combat aircraft been available in Western *Europe* on a collaborative basis, there would probably have been no "competition" to find a Starfighter replacement and the four Nato nations involved, Belgium, Holland, Denmark and Norway would not have bought the U.S. General Dynamics F-16.

Whether these suggested developments eventually occur remains to be seen, but at this stage it is increasingly apparent that while the West German *industry is wholly in favour of* the creation of a wider European aerospace industry, and wants a substantial share in that development, it is not enamoured of grandiose schemes for the creation of new consortia to build new civil and military aeroplanes when adequate existing groups and designs are available for exploitation and adaptation.

In the meantime, the West German industry continues quietly to get on with the various programmes it has. The *Airbus itself is slowly winning* sales, the most recent being the prestigious South African and Korean Airlines' orders, won in the face of competition from all three of the U.S. "wide-bodies"—the Boeing 747SP, Lockheed TriStar and McDonnel Douglas DC-10. The VFW-614 short-haul feeder-liner has already logged its first sales, and seems likely over the years to find a comfortable niche for itself in this market where many in aviation see the bulk of future air transport demand emerging.

Dornier, in addition to its share of the Alpha-Jet programme with Dassault-Breguet of France, is building the Do-28 Skyservant Short Take-Off and Landing utility transport. MBB, in addition to its shares in the Airbus and MRCA programmes, is at work on a wide range of helicopters, notably the BO-105 light utility helicopter and its larger derivative, the BO-106.

VFW-Fokker is the German manufacturing company which is part of the only truly transnational aerospace merger to take place in Western Europe, between the original Vereinigte Flugtechnische Werke of West Germany and Fokker of *Holland, to form the Zentral*gesellschaft VFW-Fokker. The Dutch manufacturing arm of the group is called Fokker-VFW. The West German company has inherited from the past the traditions in aerospace of such companies as Focke-Wulf, Weserflug and Heinkel. Apart from its share of the work on the group's airliners—the Dutch F-28 and F-27 as well as its own VFW-614, and its participation in the A300 Airbus and the MRCA, VFW-Vokker has also been involved in the VAK-191B VTOL military aircraft programme, the Transall C-160 transport, and the CH-53G medium transport helicopter, as well as such light aircraft as the Fanliner two-seater sports and executive aircraft and Fantrainer multi-purpose training aircraft. Through its subsidiary, ERNO Raumfahrttechnik, the group is the most *important space organisation* in Germany, engaged not only *on the Spacelab for the Euro*pean Space Agency, but also on a wide range of satellites for both scientific and "applications technology" purposes, *while it is also participating in* the development of the ESA's rocket launcher, Ariane.

Michael Donne
Aerospace Correspondent

In spite of the recession the German banks look set for a good year, though their wide-ranging powers are under question. Criticisms have also been made of the Bundesbank's generally cautious monetary policy.

Banking

WHILE WEST German companies are faced with the worst slump in their business since the war, the German banking industry looks set to achieve at least a repeat of the vintage year of 1974 and to do without enduring the traumas that 1974 brought with it. Bank profits generally tend to benefit when money market rates are falling, for under these conditions the interest margin tends to be stretched rather than squeezed, and rates were moving down over the first half of this year. So while the volume of credit extended by the "big three" banks fell marginally between the beginning of the year and June 30, Deutsche Bank was able to maintain its half year interest earnings at DM814m., Dresdner Bank was able to increase its interest earnings by 20 per cent. to DM620m., while Commerzbank recorded a rise of 11.7 per cent. to DM472m. At the same time service income continued to climb because of a revival in stock market and underwriting business—the latter bolstered importantly by public sector borrowing.

Prognosis

Have the banks done too well? In August the "five wise men," five leading German economists, were called upon by the Government to give their prognosis for the German economy. In the middle of their report they suggested that the Bundesbank's relaxation of monetary conditions might be hindered from having its desired effect on the pace of business by lack of competition in the banking system. They claimed that interest rates on loans had dropped only sluggishly behind the fall in interest rates on deposits. "Unusually high profits," they suggested, "prompt the conclusion that the risks which the banks expect and calculate have lost contact with the risks that exist." The economists encouraged the Bundesbank to make sure that competition in the banking industry remained lively.

It is not really the "done thing" to criticise the banks in Germany, for to do so is to bite the hand that feeds. If the big banks are powerful, it is because they played such a vital part in the post-war reconstruction of West German industry and because they remain so very engaged in industry today. They are one of the driving forces behind Germany's export success and remain by far the largest purveyor of capital to industry. The Bundesbank figures for 1974 show that industry's liabilities to shareholders total DM76bn. and to bondholders DM30.5bn., while from the banks they have borrowed DM161bn. in short-term funds and DM239bn. in long-term money. Those who know the true role of the German banks will not have been surprised to hear talk of a giant consortium operation to lend the Government the DM10bn. that it still needs to finance its budget deficit this year.

The association of German banks reacted sharply to the criticism of the "five wise men," saying that interest rates had come down markedly and that banks were so anxious to make loans that they were tending to compromise their own standards of creditworthiness. Other bankers pointed to the record number of bankruptcies that has been spawned by the economic recession and the extra risks inherent in this development.

The argument over the banks' profitability needs to be put into the context of the past few years. 1973 was the year when the Bundesbank engineered an anti-inflationary credit squeeze that sent interest rates shooting up and bank profits plunging. A number of important banks were forced to pay their dividends for that year out of their reserves. The tough times also encouraged banks into other and more profitable activities such as currency speculation, and they thus sowed the seed of the Herstatt disaster. The result was the ironical year of 1974: banks' profits soared by around 40 per cent. to their highest level ever, and at the same time the most damaging bank collapse in post-war Europe shook a good deal of the smugness out of the German banking system.

So precisely at the moment when the calls for bank competition could have been loudest—the Bundesbank itself had noted wistfully that there was suspicious restraint in the downward move of interest rates—there was a new awareness of the risks of banking and a new determination to minimise them. The roster of official measures that followed Herstatt had three main aims, to remove excessive currency speculation as a cause of bank failure, to improve the protection of bank creditors in the event of a bank collapse and to limit the riskiness of a bank's business chiefly by restricting its involvement in large loans.

Since October 1974, the Bundesbank has insisted that a bank's uncovered position in the forward exchange market—that is the amount of any currency it has promised to deliver in the future less that which it has already brought forward—cannot exceed 30 per cent. of the bank's share capital plus reserves. In addition the bank must notify the Banking Supervisory Board monthly of its forward exchange commitments.

The most important post-Herstatt improvement has yet to emerge in its final form. It is a revision of credit law designed to make the operations of a bank more transparent to the supervisory authorities, and to limit the credit risks in which bank managements can involve themselves. The draft Bill is still in the committee stage. Whereas there is general support for the clauses that allow the Banking Supervisory Board to investigate and, if need be, shut down a bank with greater ease than before, there is still considerable resistance to the proposed restrictions on "large credits." (Defined as loans larger than 15 per cent. of liable capital.) The current proposal is that the five largest credits should not be allowed to exceed three times liable capital, and that all large credits should not exceed six times that sum. Bankers argue that these rules will threaten the existence of many smaller banks and even result in temporary damage to the credit market as a scramble for alternative sources of finance is unleashed. It seems very likely that this part of the draft Bill will be watered down before it goes to the vote.

During 1973, in happier times for the German economy, the German Finance Minister set up a commission to look at the banking industry and to report in 1976 on whether changes in its structure were necessary. The commission was told in particular to look at the peculiar powers that German banks have through their multiple function as banks, merchant banks and stockbrokers and decide whether a division of these activities would be beneficial.

To-day the Finance Ministry is probably too preoccupied with the ramifications of the recession to be giving much thought to the niceties of banking influence. To shake up the banking industry at the moment would be to subject a suffering economy to a painful exercise in idealism. For while it is easy to make out a conceptual case against the great power of the large banks, it tends to wither when set against the raw facts of what these banks have achieved and are achieving.

N.C.

The Bundesbank

THE BUNDESBANK is in Frankfurt and the Federal Government is in Bonn. Between them lies a two-hour train journey. Not far—but enough to emphasise that the Bundesbank is an independent body which may act as a check on Bonn as well as a support to it.

The balance between the two has always been a delicate one. A kind of central bank was on the scene even before the Federal Republic formally came into existence. This was the Bank Deutscher Länder, formed in 1948 as the country began to struggle out of postwar chaos. It developed as a respected and effective institution through the early years of the *Wirtschaftswunder*. And when the Bundesbank succeeded it in 1957, there was little disposition to place the new body any more under the thumbs of politicians than its predecessor had been.

The 1957 Central Bank Act made this basic independence abundantly clear. The Bundesbank president is elected by the Government—but for a period of eight years which means he survives general elections. The present incumbent, Dr. Karl Klasen, ends his term at the end of 1977. A general election is due next October.

Further, the presidents of the Länder banks, 11 in all, have a majority on the Bundesbank council. And although Government ministers may attend council meetings, they have no vote. The most they can do is to delay a council decision for two weeks. Bundesbank leaders are invited to attend cabinet sessions when monetary policy is to be discussed—and they are also present at gatherings such as "concerted action,"—periodic meetings of Government, trade union and employer representatives.

Although the Bundesbank's independent position thus looks strong enough, some provisions of the Central Bank Act left scope for squabbling. Two of the key articles are worth quoting in full.

Article three says "The Deutsche Bundesbank shall regulate the volume of money in circulation and of credit supplied to the economy, using the monetary powers conferred upon it by this act, with the aim of safeguarding the currency, and shall make banking arrangements for domestic and international currency payments."

Powers

Article 12 says "Subject to the discharge of its duties, the Deutsche Bundesbank shall be required to support the general economic policy of the Federal Government. In exercising the powers conferred on it by this act it shall be independent of instructions from the Federal Government."

The Bundesbank interprets all this as meaning that it is called upon to support Government economic policy to the extent to which this is compatible with its duty of safeguarding the currency. It is partly sustained in this view by the Growth and Stability Law which emerged after the so-called "mini-recession" of 1966-67. Here price stability was enshrined as one of the key aims of the Federal Government—thus, to some extent binding Bonn more closely to the Bundesbank line. But a high level of employment and steady growth are also formal aims under the Act. The upshot is that the Government could argue it is fulfilling its commitment by pursuing growth while the Bundesbank could claim to be doing its duty in fighting inflation with tight money.

That is carrying the matter to an almost absurd extreme. But clearly there is scope for difference of opinion over when and by how much the Bundesbank armoury of monetary controls should be called into play. And while it has not come to any dramatic showdown this year, there have been occasions when the Finance Ministry for one felt the Bundesbank was erring on the side of caution. It is worth looking at what happened.

The Bundesbank set itself a moderately more expansionist course by aiming at a growth of money supply of 8 per cent. in 1975 against 6 per cent. last year. From October last year it dropped discount rate seven times, from 7 per cent. to the current level of 3.5 per cent., while Lombard rate was cut over the same period from 9 per cent. to 4.5 per cent.

It reduced minimum reserve requirements—the sum credit institutions have to have on deposit interest free with the Bundesbank—and it increased the rediscount quota. When the bond market fell flat on its face as Federal and provincial governments sought to cover their unprecedently high deficits, the Bundesbank intervened with open-market operations to try, with limited success, to prevent interest rates drifting up again. The latter was a major problem—and seems likely to become still more of one next year when the public-sector deficit will be even bigger.

All in all the Bundesbank produced an impressive total. The criticism tends to be that too little was done at an early stage. Surely, it is said, a shuffle towards relaxation was not the way to deal with a recession which brought minus economic growth and more than one million unemployed.

It is fair to note that almost everyone—including the Government and the independent economic institutes—at first underestimated the seriousness of the recession. If the Bundesbank was too conservative in relaxing the monetary brakes, then the Government, too, was initially cautious in its efforts to blow life into the economy. And it is debatable whether a more adventurous policy by both from the outset could have brought very much more buoyancy to an economy whose biggest problem by far was a slump in foreign demand.

At least it might have done so—but it might have paid the price with increased inflation, which this year has hovered around the 6 per cent. mark. The Bundesbank was simply not prepared to endanger the success already achieved in controlling inflation on a "great leap forward" in money supply and cheap credit.

In fact the strongest criticism of the Bundesbank's policy—and stains—have come within the SPD and the union movement. The es of it is that the Bundes policy is a key factor in mining economic growth, level of employment and the living standards of mi of working people. events indicate that policy discredited, then, it is sa should be possible for responsible to be voted o office.

The SPD's economics spokesman, Dr. Herbert E berg, put a similar, sophisticated case last yea said the Bundesbank s have considerable, but absolute, independence.

Efficacy

Dr. Ehrenberg notes th the whole such questioni the independent role o Bundesbank has so awakened little response the general public. And h somewhat bitterly that i many people seem more to believe in the wisdom dependence of high o than in the efficacy of the mentary system.

There may be someth the charge. And the reac some trade unionists thi is understandable. But th also many who feel th practical gains in having dependent body able to minister to think agai weigh the disadvantages occasional sharp clash b Frankfurt and Bonn. The is not unknown. In 19 Klasen found himself flict with the then Eco and Finance Minister D Schiller. Dr. Klasen to arguments for a tempor sort to exchange control to the cabinet. Dr. found himself in a mino one—and resigned.

Fortunately for Dr. and his men, they have a ally in the Liberal Free crats (FDP), the junio ner in the Bonn coalitic ernment. A couple of ye the SPD-run Finance produced a draft of ments to the Bundesba The changes would hav the Central Bank more over credit policy—but respects resort to them have been subject approval of the Finance ter. The FDP Economic ter Herr Hans Fr promptly declared his tion, his party support and the matter has bee ved. There is no indica would take a different day.

هكذا من الأصل

Two neglected computer sectors are at last starting to receive the attention they merit, argue **Roy Levine** and **Christopher Lorenz**

France's lead in data for the future

ONTH'S abandonment
·c Corporation's long
campaign against IBM
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took a step forward.
mmission put the value
total data processing market in the Community last year at 5.541bn. units of account (one u.a. is worth about $1.20), of which computer systems accounted for 57 per cent., peripherals 25 per cent. and mini and micro-computers 9 per cent. It forecast a virtual doubling of the overall market to 10bn. u.a. by 1980. But whereas the share of "EEC producers" (meaning non U.S.-owned companies) in computer systems was only a quarter last year, according to the Commission, it was as much as 48 per cent. in mini and micro-computers and 37 per cent. in peripherals.

Technology

These "ownership" figures hide the extent to which many "EEC producers" take their technology from the U.S., but they reinforce the case for governments and the Commission *giving more of their* support — whether through financial aids or purchasing preference—to the makers of minicomputers and peripherals, rather than simply concentrating on the prestigious main*frame sector*, as both London and Brussels have done in their long preoccupation with the "American challenge."

The Commission, probably wisely, did not atempt to forecast a breakdown of the overall market in 1980. But there is *no doubt that the growing* complexity of computer installations, the coming of distributed processing (computers which "talk" to each other over long-distance telephone lines), and the rapidly falling cost of micro-electronic components will give minicomputers and peripherals a far greater relative weight than they have to-day.

It is generally agreed in the industry that the ratio of peripheral cost to the price of the total computer system has already risen to over 60 per cent. from the 1960 level of about 40 per cent., and that a figure of 80 per cent. will be the norm within five years. This not only enlarges the market for such products as printers, tape drives, tapes, discs and visual display terminals, but also makes their procurement cost increasingly important to the suppliers of complete computer systems. In order to obtain the maximum possible economies of scale, ICL takes all its large discs from Control Data, whose production base was enlarged still further earlier this year by the establishment of a joint venture with Honeywell, one of ICL's main competitors in the open market.

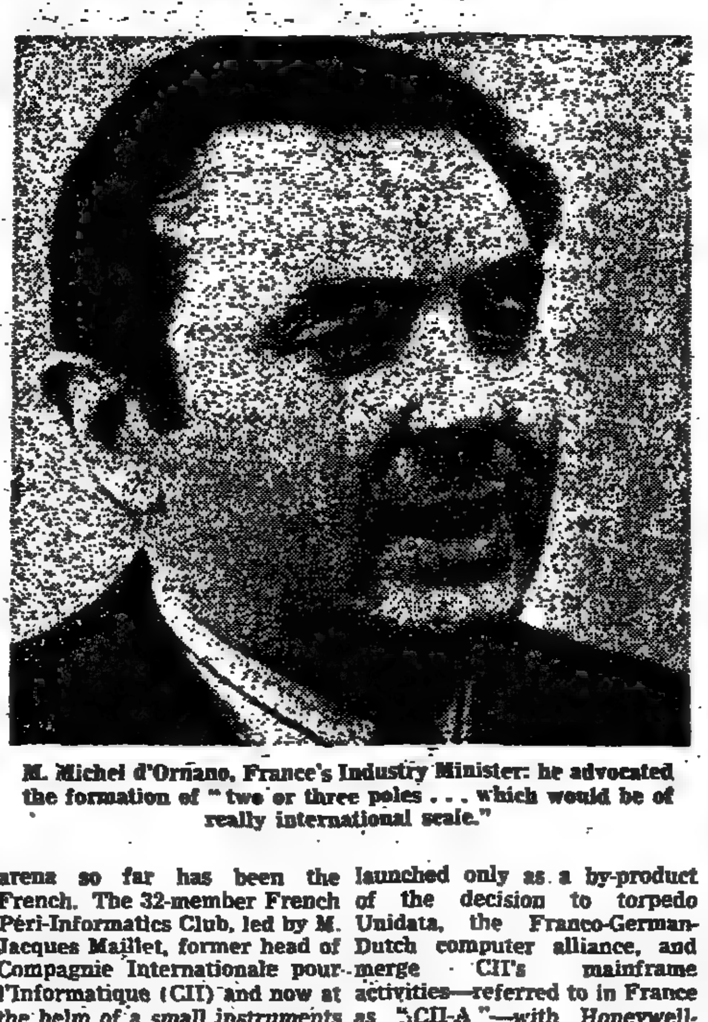
Active

CPI, in which ICL has taken a stake, makes electro-mechanical peripherals such as printers and tape drives. ICL's $22m. commitment (the initial payment is $8.6m.) will eventually give it a one-third holding, and a U.K. subsidiary of CPI will set up research and development facilities in Britain, together with a factory. This could eventually form the basis of a strong British peripherals industry—albeit with considerable U.S. *content—and* ICL could also become involved in moves to combine Britain's resources in mini- and micro-computers, since it will increasingly have to move down market if it is to compete with IBM and the other *worldwide* computer suppliers. But much of this is still in the hazy future.

The only European Govern*ment to have been active in this* arena so far has been the French. The 32-member French Péri-Informatics Club, led by M. Jacques Maillet, former head of Compagnie Internationale pour l'Informatique (CII) and now at *the helm of a small instruments* and minicomputer company, Intertechnique, has pressed for a Government "Peri-informatics Plan" for years as a counterweight to the famous Plan Calcul which supported CII as the French national computer standard-bearer through year after year of losses. In the event, however, the Govern*ment's peripherals plan* was launched only as a by-product of the decision to torpedo Unidata, the Franco-German-Dutch computer alliance, and merge CII's mainframe activities—referred to in France as "CII-A"—*with* Honeywell-Bull, the French subsidiary of the U.S.-owned Honeywell Information Systems.

The merger, which was announced in May, after months of political manoeuvering, had been strongly advocated by one of CII's two main private shareholders, CGE, but was opposed by the other, Thomson-Brandt. *Partly to dispose of CII's mili*tary and minicomputer activities—generally referred to as "CII-B"—which are not being merged with Honeywell-Bull, and partly to abate Thomson's anger and repair its prestige, the Government proposed that Thomson should become a major force in the minicomputer industry by heading a new group made up of CII-B and a number of currently independent companies.

After a summer of rumour and behind-the-scenes wrangling over this strategy, the Government's "Peri-informatics Plan" (specifically including minicomputers) was announced by the Industry Minister, M. Michel d'Ornano, at the opening of an office equipment trade exhibition in Paris late last month. A change was *needed* in the industry's dimensions, he said, advocating the formation of "two or three poles . . . which would be of *really international scale.*"



M. Michel d'Ornano, France's Industry Minister: he advocated the formation of "two or three poles . . . which would be of really international scale."

Hard-nosed

France's peripherals and minicomputer industry is at least as well developed as any other in Europe. Its sales last year exceeded £100m., a jump of nearly 50 per cent. on 1973 in spite of the recession. But, as the Club's large membership shows, the industry is extremely fragmented (the members account for about 85 per cent. *of the market*), and, in particular, its export potential is not being achieved; in spite of an export ratio of a third in some companies, the industry runs a trade deficit.

Keeping to the typical French Government formula for tying industry support to job creation, M. d'Ornano said he was ready to give significant (but un*specified) aid to the companies* which would commit themselves to targets on employment and sales in France, as well as exports.

The vagueness of the proposal for "two or three" groups reflects several problems which emerged during the summer, including Thomson's hard-nosed negotiating position over the future of CII's Toulouse plant. Although all but a sixth of its production has been committed to mainframe computers, the factory is not being included in the new Honeywell-CII company (Honeywell has quite enough capacity of its own) but is supposed to remain with CII-B—in other words, with Thomson.

Later stage

Thomson has been insisting on about Frs.600m. of Govern*ment support to cover* the re-equipment of the plant for new products, write-offs on unsaleable CII stock, CII's 1975 losses, and aid to both the *peripherals/* minicomputer and electronic components industries.

The fate of Toulouse, which employs about 1,700 *people, has* now become the pivotal point in the wrangle over the peripheral minicomputer reorganisation. Thus Thomson's plan to merge CII-B *with* the minicomputer interests of La Télémechanique, announced just before M. d'Ornano's speech, was made conditional on Thomson's getting its way over Toulouse. And *the revelation two weeks ago* that CGE's Transac subsidiary had taken a 16.5 per cent. stake in SINTRA was made against a background *of Government hints* that Toulouse and CII-B might, after all, go to CGE.

The Thomson- La Télémechanique deal would create a Frs. 300m. minicomputer company with a claimed 80 per cent. share of the French industry's production. TVT, Thomson's Frs.50m. peripherals subsidiary, would be brought in at a later stage, presumably only when other peripherals manufacturers joined. In the meantime, the focus of the peripherals reorganisation will be on CGE. Transac, mainly concerned with terminal equipment, had sales last year of Frs.90m., while SINTRA expects this year's turnover to be Frs.200m. (though most of this is in military products rather than terminals). Since minicomputers are a component of some terminal systems, Transac will want to keep close ties with the Thomson-La Télémechanique group: it seems more interested in the latter's Solar series than the CII-B Mitra range.

The logic of forming a third group seems to lie mainly in the reluctance of some of the other 32 companies, of which Logabax is the largest (over Frs.200m.) to tie themselves to either of the industry's giants, CGE or Thomson.

The importance of all this up*heaval to the computer industry* outside France should not be underrated. While Britain and other countries hesitate to iron out the sensitive overlaps between companies such as Ferranti, Plessey and GEC, the French are trying hard to overcome political and personal barriers and to create a new force in two of the main growth areas of data processing. M. Jean-Pierre Bouyssonnie, Vice-Chairman and General Manager of Thomson CSF, be*lieves that his new mini*computer grouping "will have a big impact abroad," both in terms of exports and of possible co-operation with foreign companies. The French, at least, are grappling with the computer issues of the future.

Letters to the Editor

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r. A. Moulder
frs. Barbara Castle says
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and the unions agree.
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. W. Purdie.
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It is no contribution to impose revolutionary change in a crisis situation coupled with a threat of running down the yard. Co-operation by ultimatum is hardly democratic. The unhappy history of shipbuilding is littered with crisis decisions which ultimately made bad situations worse.

W. K. Purdie,
Bryn Derwen,
West Street,
Marlow,
Bucks.

Toxicity of plutonium

From the Director,
The David Davies Memorial Institute of International Studies

Sir,—I have read with considerable interest two articles by David Fishlock on September 24 and October 1. In the first article he says that plutonium-powered pacemakers provided by the Department of Health will be supplied to 200 heart patients over the next year or so.

These are to be manufactured by the Harwell research centre of the U.K. Atomic Energy Authority. In his second article he goes on to argue that the toxicity of plutonium has been very much over-emphasised by the anti-nuclear lobby. His exact wording is "Plutonium: toxic but nonetheless much-maligned, now looks like being very freely distributed around Britain by the early 1980s, before even the first big fast reactor is working in the *form* of plutonium-fuelled pacemakers implanted in tens of thousands of people with flagging hearts." I *fail* to see how an estimated *200* pacemakers distributed during the next year or so can lead to "tens of thousands" by the early 1980s.

The pacemakers are powered by an oxide of plutonium-238 in minute quantities, very carefully encapsulated. The half-life of Pu-238 is 89 years as compared with the half-life of Pu-239, as used in nuclear reactors, which is 24,400 years. Moreover the toxicity of the oxide is considerably less than that of Pu-239 and is very much safer in the insoluble form in which it is used in the pacemakers. The maximum permissible levels in the heart for the insoluble form is 200 micus, while for the soluble form it is 40 micus. The insoluble form is also very resistant to high temperatures and will not dissolve into fine dust-particles to be released into the atmosphere in the event of a fire.

If there should be an accident with one of these pacemakers, therefore, I think it is very unlikely that it would do much more than harm the person in whom it had been implanted, whereas an escape of plutonium from a nuclear power station is surely likely to be rather more lethal?

M. M. Sibthorp.
Thorney House,
34, Smith Square, SW1.

David Fishlock writes:— The possibility of an "escape of plutonium from a nuclear power station" is not, and never has been, a worry for those concerned with public health, except among those who are unduly impressed by the toxicity of plutonium.

Textile imports

From Mr. N. Sussman.

Sir,—Considerable attention has been focused by textile importers on the problems they are experiencing as a result of the new bilateral agreement which the EEC has reached with Hong Kong under the GATT multi-fibre arrangement (MFA). It should be made clear however, that no reduction in imports will *be taking place under the agree*ment and in fact a substantial increase is likely.

The Hong Kong agreement is *the first MFA bilateral to* be concluded on a multi-fibre basis, and was negotiated under Article 4 which is designed to *ensure the expansion and orderly* development of trade in textiles.

There is to be no cut-back in the existing quota which still provides scope for huge increases over the 1974 import figures, despite the downturn in the market. For some sectors of the industry it may bring a ray of encouragement, for most it does not. For the shirt industry it could well deal a nigh-fatal blow. With the removal of sub-limits on garment types it leaves wide open the unused portion of the existing quota for penetration to a level in excess of 65 per *cent. of the total market which* will be reached if the additional 10m. shirts which the quota allows are imported.

*Weep no tears for the im*porters, for the price of their actions will be the misery and suffering of the loss of 6,000 jobs *in the shirt industry*. Six thousand skilled and able operatives who are not going to find alternative employement, for *alternative jobs just do not exist.*

It is misleading in the extreme to suggest that as a result of the agreement prices to the consumer will rise, prices may well rise as a result of the wheeling and dealing in the selling and transferring of quotas in Hong Kong, but this surely reflects where the unacceptable face of commerce is now centred.

Norman Sussman.
Albany House,
12, Albany Road, E.10.

Judgment debts

From Mr. P. Granville White

Sir,—Last December, I wrote concerning the inefficiency of the County Court system in the *enforcement* of judgment debts due to the increase in the volume of proceedings being issued and the lack of experi*enced staff.*

It therefore comes as some surprise when, without warning, we are informed that with effect *from October 1, 1975, costs of* proceedings for debts up to £650 in the High Court are to be increased to such an extent as to *have the effect of making it* uneconomic to issue such proceedings for debts less than £650. This will mean that more work *will be transferred to the County* Courts and increase the existing backlog.

Since my previous letter the efficiency of the County Courts has, generally speaking, deteriorated further and it seems to me that the effect of the new fixed costs rule will be to give the debtor a further two months credit, once again making the poor old creditor wait for his money.

P. Granville White.
British Mercantile Agency,
1, Wardrobe Place,
Carter Lane,
St. Pauls, EC4.

Sandilands and shareholders

From Mr. C. Larkum.

Sir,—You report Mr. Francis Sandilands (October 1) describing new accounting methods as "a matter of survival." In light of the recent Report of the Inflation Accounting Committee it is pertinent to ask "whose survival?" The Sandilands Committee's recommendations are very much concerned with corporate survival, but this is not necessarily the same thing as shareholder survival and investors and the City should be aware of the difference. Indeed, there are more than a few indications in the Report which suggest that the committee is quite ready to sacrifice shareholders' interests (and rights) in order to improve the financial health of companies.

Following a year in which companies suffered their worst cash squeeze on record concern over the conservation rather than distribution of cash flow is understandable. The Committee's preference for retentions at the expense of dividends, however, is particularly marked. "We should emphasise that in deciding dividend policy directors must have regard to the company's future requirements *for cash.* . . Although on the whole current cost profit is a better guide than historic cost profit . . . there will be circum*stances in which it would be im*prudent to regard current cost profit as available in full for distribution." The gloss on this "better guide" is the generally accepted calculation that under the current cost formula published profits in 1974 would have been reduced by something like two-thirds.

It will be argued that this is reading too much into a comment that is justified by common prudence. There are a number of instances in the report where common prudence is called to aid—for example in the decision not to recommend writing down quoted monetary liabilities, or in the decision to link depreciation to year-end asset values and not to average values—and *in each case the* result is an understatement of shareholders' interest in either assets or profit. It is also worth asking why the five-year worked example in the report assumes that the directors would recommend a dividend cut in year three (called year eight in the example) when current cost profits for this year have in fact risen from £534 to £592. No covering comment is offered. And why does the example make the gratuitous assumption "that a statutory restriction is in operation limiting dividend increase from year to year"? Is it because this would suit the Committee's way of thinking?

Directors will, of course, be *free to decide their own dividend* policy whatever the Committe may like; but if the report's recommendations are accepted in their present form they may well find their freedom of action considerably reduced. Reserves are once again to be classified in a multiplicity of ways to reflect how they have arisen, with the implication that "fixed asset revaluation" reserves or "stock adjustment" reserves are not available if needed to finance a dividend. Similarly the recommendation that directors should be required to include in the annual report a statement on the adequacy of the cash resources likely to become available to meet the company's requirements in the ensuing year could easily become a stick that parties other than shareholders will use to beat the directors. We have seen above that the report itself feels obliged to "emphasise" that the directors "must" have regard to the company's future requirements for cash in deciding dividend policy: the government and the unions may soon feel a similar "obligation."

Worst of all, however, as Lex recently pointed out, is the Trojan Horse character of the recommended deferred tax provision. We have already seen how rapidly these provisions can become a sizeable proportion of capital employed for many companies as a result of Mr. Healey's stock appreciation reliefs. Under the Sandilands proposals, where asset revaluation will also give rise to deferred tax, they will *grow to even larger proportions.* It is not so many months ago that Mr. Wedgwood Benn attempted to justify intervention across the broad front of industry by the "State subsidy" companies enjoyed through the investment grant system. How much more plausible this line of argument will appear when some of the largest companies show in their balance sheets an item equal to perhaps 30 per cent. or 40 per cent. of shareholders' funds and called "deferred tax." One would simply need to enfranchise the "State's interest" and the battle will be over.

There is of course very much that is good in the Sandilands Report, and the widespread praise that it has received is very largely deserved. The present attitude of the City, however, which seems to be that what is good for the company must in due course be good for shareholders, is one that it may very well come to regret if it fails to make its voice heard while the Report's recommendations are still open to comment and alteration. Shareholders are going to be asked to make sacrifices in the short term—the Report leaves little doubt in this regard—and as a body they are almost certainly willing to do so. But if this is to be the case they need guarantees that in the longer run they will gain a fair share of the benefit from these sacrifices. No such guarantee is to be found in the Sandilands Report, rather the reverse.

Charles Larkum.
Garrard House,
Gresham Street, E.C.2.

Council housing exchange agency

From the Chairman,
GLC Housing Management Committee.

Sir,—Mr. Basil Feldman writes (October 8) as a member of my committee, to urge that local authority rules should be relaxed to enable tenants to move from one authority's area to another. I welcome his expression of support for those parts of the GLC's strategic housing plan which would enable greater movement of tenants within the GLC area. Perhaps he will seek to enlist the support of his Tory colleagues on the *committee?*

As for Mr. Feldman's "National Property Exchange Bureau," I applaud his conversion to municipal enterprise, but would inform him that his council runs an extensive bureau whose function is precisely to "*facilitate exchanges throughout* the country's stock of public sector rented dwellings." I find his apparent ignorance of this fact incompatible with his membership of the GLC committee which is responsible for the scheme.

Tony Judge.
Room 175,
The County Hall, S.E.1.

To-day's Events

GENERAL
Preparatory conference between oil producers and consumers, Paris.
EEC Agriculture Ministers begin two-day meeting, *Luxembourg.*
Mr. Roy Mason, Defence Secretary, holds talks with French Defence Minister Yvon Bourges, London.
Mr. Denis Healey, Chancellor of Exchequer, ends visit to Iran after attending financial conference in Tehran jointly sponsored by British Committee on Invisible Exports and Iranian committee.
TUC economic committee members meet *Confederation of Ship*building and Engineering Union leaders to discuss effect of Government's anti-inflation policy on engineering industry pay, London.
Junior hospital doctors start "emergencies-only" working.
Government recruitment subsidies begin for employers taking *on school-leavers.*
Venezuelan Foreign Minister, Ramon Escovar Salom, on visit to London.
Joint study group of BSC executives and steel union leaders on ten-day visit to Japan.
Trade mission organised by Birmingham Chamber of Commerce on week's visit to South Korea.
British Tourist Authority annual report published.

PARLIAMENTARY BUSINESS
House of Commons: Community Land Bill, remaining stages.
House of Lords: Employment Protection Bill, report stage.

COMPANY RESULTS
Duport (half-year).
Glaxo Holdings (full year).
Lesney Products (half-year).

COMPANY MEETINGS
See Weeks Financial Diary on Page 10.

OFFICIAL STATISTICS
Wholesale price index (September).
Turnover of catering trades (August).

COMPANY NEWS + COMMENT

"Reasonable optimism" at Gallenkamp

A REASONABLY optimistic initial approach to the current year's uncertainties exists at A. Gallenkamp and Co., makers and suppliers of scientific apparatus and instruments, laboratory furniture and fittings etc., says chairman Mr. Peter Hallett in his annual statement.

Despite the economic background, there will be no deliberate contraction of the scale of group operations, and the directors will continue to strive for the growth and maintenance of profitability essential to generate the funds required to secure the future, he tells members.

And, adds Mr. Hallett, they believe they have correctly analysed and assessed the charges in conditions and trading patterns possible to anticipate, and have set their targets and deployed resources accordingly.

The difficulties of the year under review to June 30, 1975, were successfully overcome and; as reported on September 17, pre-tax profits expanded by 63 per cent. to £2.49m., with the net dividend total raised from 3.878p to the maximum permitted 4.138p per 25p share.

Mr. Hallett says that much has been accomplished in the intention to achieve optimum product rationalisation. Improved stockholding and distribution service, and thus a more efficient utilisation of funds.

Export net sales increased by 73 per cent. to £6.85m., or 34 per cent. of total group turnover. They went as to 14 per cent. (17) to Europe, 34 per cent. (same) to Asia, the Far East and Australasia, 41 per cent. (35) to Africa and 11 per cent. (14) to the Americas.

Overseas companies in the Netherlands, Malaysia, Singapore and Nigeria, and the two U.K. companies in which equity interests are held, all reported new turnover and profit records.

The source and application of funds statement shows an increase in net liquid funds of £46,330 (decrease £0.6m. previous year).

As reported last week, the principal subsidiary sold, on October 2, for £420,000, its 50 per cent. holding in Engineering Laboratory Equipment to John Mowlem which already held the other 50 per cent.

Meeting, Winchester House, E.C., November 4 at 11.30 a.m.

● comment

A Gallenkamp's share price has risen by 16 per cent. since the preliminary announcement which revealed a second half pre-tax profits gain of over two-fifths, and the report confirms an improved trading outlook and balance sheet. Exports rose by 73 per cent. to account for over a third of sales and the bulk of a near one-quarter improvement in margins. Working capital requirements dropped from 43 per cent. to 40 per cent. of sales, despite a marked fall-off in the proportion of finance supplied by creditors, and net cash flow of £1.7m. comfortably covered a £1.4m. increase in requirements. As a result, borrowings, as a percentage of tangible shareholders funds, have fallen from 181 per cent. to 133 per cent. and the disposal of the group's 50-per cent. holding in E.L.E. this month for £420,000 in cash knocks another couple of dozen points off the ratio. At 120p, the fully diluted p/e is 7.2 and a yield of 5.3 per cent. is covered nearly 4 times.

HIGHLIGHTS

The week-end mail bag contains little in the way of major company news. Lex discusses the Grand Metropolitan rights issue, while elsewhere A. Gallenkamp and Gateway Securities take a confident view of current trading prospects. This week's company announcements are mostly concentrated in the earlier part. Glaxo produces its full-year figures later to-day, accompanied by an interim statement from Duport. Tuesday sees an interim report—but no figures—from discount house Gerrard and National Discount, together with a half-yearly statement by UDS. On Wednesday, clothing retailers British Home Stores also reports on its half-time performance.

Goldberg looks to second half

EXCLUDING VAT, first half sales (to August 19) of the Scottish departmental stores, A. Goldberg and Sons, increased from £6.36m. to £7.27m., but pre-tax profit contracted from £535,000 to £425,000.

Since August 20 sales show a further improvement in rate of increase and if this is maintained over the Christmas selling period a "more satisfactory" performance could be achieved in the second half, the directors state. Profit for the year to February 19, 1975 was £1.35m. on a turnover of £14.3m.

As before, the interim dividend is 1.1025p net per 25p share. Last year's total was 3.740625.

	Half year 1975 £000	1974 £000
Sales excluding VAT	7,265	6,364
Trading profit	678	772
Depreciation	111	103
Interest	141	101
Pre-tax profit	425	535
Taxation	221	[illegible]
Retained	62	116

Most of the difficulties in respect of the introduction of computerisation and the distribution complex at Rutherglen have been overcome, but the residual costs and problems will still affect the profit this year. In addition the inflationary impact on costs in general has not been reduced, the directors point out.

The policy of consolidation has continued. Two non-profitable stores have been closed and the withdrawal from Rutherglen is virtually complete although the property has not yet been disposed of.

Rossminster buys into Talbex

The Talbex Group has been advised by the Rossminster Group that Rossminster has acquired 4.78m. Ordinary shares, representing 26.0 per cent. of the Ordinary capital of Talbex, but that it does not intend to make a bid for the rest of the shares.

The directors of Talbex have invited Mr. T. S. K. Yeo, a director of Security Selection, who is associated with Rossminster to join the Board in order to strengthen the company's links with the City.

They say they regard the relationship with Rossminster, and the appointment of Mr. Yeo, as likely to prove beneficial to shareholders in Talbex.

South West Africa

A final dividend for the year to June 30, 1975, of 9.375p net per share, has been recommended by the South West Africa Company.

This makes a total of 17.875p for the year, which is equivalent to an increase in the gross amount from 25p previously to 27.5p.

Net profits for the year amounted to £758,151, compared with £1,026,093 in 1973-74. The report and accounts will be posted on October 20.

Plantation Holdings

All the Plantation Holdings outstanding £149,015 11 per cent. Convertible Subordinated Unsecured Loan Stock 1991-96 has now been cancelled.

Of the stock, £5,455 will be repaid at par, with interest accrued to September 30, and allotment has been made of 831,644 fully paid new Ordinary shares of 10p, on conversion of £143,560 stock.

The relevant share certificates and or cash entitlement will be despatched not later than October 28.

IMI Alloy Steels to close down

A DERBYSHIRE steel-making factory is to close with the loss of 190 jobs.

The 10 year old company, IMI Alloy Steels, of Somercotes, which makes stainless steel ingots and metal rods, is closing because of continuing losses. Full redundancy payments have been promised and the firm will help the employees to find other jobs.

Improvement at Hanger Investments

For the first half of 1975, Hanger Investments, Ford main dealers, reports taxable profits of £30,300. This compares with a loss of £42,945 in the last six months of 1974, and with a profit of £35,100 in the first half of that year.

Members were told last June that management accounts for the first quarter indicated a profit. On current prospects the directors now state that while the group is trading profitably it is not possible in the prevailing trading and economic conditions to predict results for the full year.

They explain that while first half turnover increased by nearly 30 per cent. from £7.83m. to £10.13m., this does not reflect the volume of business in real terms.

In the smaller vehicle market the competition from both British and imported vehicles is reflected in margins.

The Board is continuing to examine the operating costs within its control.

	First half 1975 £	1974 £
Turnover	10,130,000	7,830,000
Trading surplus	849,900	784,600
Int., deprcn. etc.	775,700	649,500
Pre-tax profit	30,300	35,100
Tax equalisation	19,000	21,000
Net profit	11,300	14,100

Kearney & Trecker loss

TURNOVER of Kearney and Trecker Marwin, machine tool makers, amounted to £9.91m. for the 15-month period to December 29, 1974, on which the company incurred a net loss of £1.42m. after a tax credit of £2,550.

For the previous 12 months turnover was £5.21m. and the net loss £2.09m. after £398,301 tax credit.

No dividend is being paid—the Preference dividend is in arrears from January 1, 1973.

As known, Vickers has an option until April 30, 1976, to acquire a controlling interest in the company.

Through a new holding company the Department of Industry is making available £3.5m. to meet current commitments of the company and to provide further working capital. In addition £1.9m. of secured loans held equally by the Department of Industry and the Industrial and Commercial Finance Corporation in the company are being capitalised in the form of Preference shares in the holding company.

Brittains to extend its activities

Brittains, the Staffordshire-based company which has interests in a variety of activities from film laminates to life insurance broking, is seeking to modify the trust deed of its 7¼ per cent. Convertible Unsecured Loan stock, 1979-81, which it considers carries too narrow a description of the group's activities.

The directors are also proposing to raise the interest rate from 7¼ to 7¾ per cent.

They explain that they are considering expanding into the manufacturing and distribution of electrical components and equipment, and this will be one of the activities listed in the revised trust deed.

Salgitter sales fall

Turnover of the State-owned steel, engineering and shipping group, Salgitter, fell to DM2.27bn. in the third quarter of the year ended September 30 from DM2.34bn. in the second quarter and DM3.57bn. in third quarter of 1973-74, the house newspaper said. This was mainly due to the depressed world steel market, it added.

A company spokesman declined to say whether Salgitter had incurred a loss as a result. In April chairman Hans Birnbaum said the group could end the year to September 30 with an operating loss after its previous profit of DM60m.

Galliford Brindley expansion

DESPITE DIFFICULTIES in achieving "any real growth" in the year to June 30, 1975, Galliford Brindley widened its sphere of operations in terms of geography, spread of clients and types of work.

This was achieved by developing existing activities as well as by acquisitions, and is an important factor in implementing the strategy of broad-based growth, says the chairman, Mr. Peter Galliford.

During the year a number of opportunities to undertake contracting work in OPEC countries were investigated but none has had an acceptable investment-risk relationship. Consideration was also given to working with another organisation that has proved its ability to operate overseas, says Mr. Galliford.

As reported on September 12, group pre-tax profit increased from £1.09m. to £1.48m. in the past year and the dividend is 1.7353p (1.6365p) net. An analysis of turnover and profit shows (£000s omitted) construction £13,877 and £1,049; specialist services £3,393 and £160; and plant hire and engineering £2,525 and £260.

Building and contracting continued "to go from strength to strength." Property development activities were negligible, but a number of sites are held for when conditions change, or when "pre-let" situations arise.

Civil engineering had "an excellent year" and goes forward this year with a sound order book.

Mr. Galliford points out that the mix of activities provides a positive cash flow, which gives a substantial balance at the year-end after providing £0.5m. working capital for Kottler and Herm and paying for another acquisition.

Meeting, Coventry, November 5 at 12.30 p.m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends considered are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims: B.S.G. International, British Syphon Industries, Duport, Leaney Products, M.F. North.

Finals: Bryant Holdings, Glaxo, M.P. Kent, Malayalam Plantations, Wolverhampton Die Casting.

FUTURE DATES

Interims—	
Bandanga	Oct. 14
Beaver Group	Oct. 17
Canning (W.)	Oct. 16
City of Oxford Invest. Trust	Oct. 15
Hunting Associated Industries	Oct. 14
Industrial and General Trust	Oct. 16
Lipton (L.)	Oct. 17
Lyon and Lyon	Oct. 23
Securities Trust of Scotland	Oct. 15
Yorkshire Fine Woollen Spinners	Oct. 14
Finals—	
McKechnie Bros.	Oct. 21
Perak River Hydro-Elec. Power	Oct. 23
Second Scottish Invest. Trust	Oct. 17
Tilley Lamp	Oct. 17
Walker and Homer	Oct. 21

FT Share Information Service

The following securities have been added to the Share Information Services appearing in the Financial Times:—

Maxim Fashions. (Section: Drapery and Stores). Reynolds Diversified Corp. (Section: Oils).

Freddie Mansfield

Mr. A. E. Bide, chairman of Glaxo Holdings, which is due to announce to-day its preliminary results for the year to June 30, 1975.

Gateway growth potential

MR. A. E. M. HARBOTTLE, chairman of Gateway Securities, says the group is in an "excellent financial position" with adequate resources to continue to expand the organisation and to add to it as opportunities arise. The directors remain confident in continuing success.

Group assets employed increased from £9m. to £15m. in the 53 weeks to April 5, 1975. The stake in Bishop's Stores was increased to 28.96 per cent. and the company purchased from the Sperry and Hutchinson Company of the U.S., its U.K. business, Merchandise Promotions, for a nominal consideration — Merchandise Promotions operates the Pink Stamp trading scheme and other promotional activities. Also Ford and Lock, which operates 23 food stores in the west of England, was acquired.

The directors regard the Bishop's stake as a very valuable long-term investment extending Gateway's interest in the food trade and in a geographical area not covered by Gateway Foodmarkets.

Ford and Lock's business has been appraised and uneconomic units closed—surplus property assets are being sold. This acquisition consolidates the group trading position in particular geographic areas and is likely to make a "real contribution" to future profits.

Merchandise Promotions has been radically reappraised and reorganised to ensure profitability in the present economic climate, and to establish a sound base for development in the future.

As reported on August 12 Gateway's group pre-tax profit for the 53 weeks increased to £1.29m. (£0.96m. for 52 weeks) and the dividend is 1.1007p (1.037p) net.

Trading profit was £914,000 (£891,000) representing 2.5 (3.1) per cent. of sales. Mr. Harbottle points out that the rate of sales expansion exceeded price inflation and so represented a "real increase" in the volume of merchandise handled.

He emphasised that the current cost of establishing new stores caused the company to avoid commitments for expansion of sales area which are unlikely to make any real contribution to net profit.

The principal development in the past year was in-store freezer centres which have been a success, says the chairman. Eleven were opened; twelve were operational by the end of July 1975, and a further six are planned.

Holders with over 10 per cent. of the Gateway Ordinary at August 1 were Industrial and Commercial Finance Corporation, Nutraco Nominees, and The West of England Trust.

Meeting Bristol, September 29, noon.

● comment

Gateway Securities is clearly hoping to improve on its performance in 1974-75 when, excluding an extra week of sales, trading profits were all but unchanged. The main poser seems to be the Ford and Lock and Pink Stamp acquisitions. In the case of the first, no final purchase price has been arrived at, although the assets have been consolidated (including a property revaluation) and £227,000 "goodwill" has been written off an acquisition once intended to cost no more than £350,000. The contribution made by Pink Stamp, acquired in January for a nominal £1 and liquid assets of £534,000, to holding net borrowings at 13½ per cent. of shareholders' funds, is also unclear. At any rate, growth for the group has been forecast and at 42p, just 1p off the year's high, the shares yield 4.5 per cent. covered 4½ times.

SOUTH WALES COAL MINE TO CLOSE

Another South Wales pit is to close, the regional office of the Coal Board has announced.

The 270 men at the Glyntillery Colliery, Gwent, will be offered jobs at collieries within a 10-mile radius when the pit closes on January 2.

The remaining reserves of coal are said to be almost exhausted.

Encouraging start by Maidenhead Investments—borrowings cut

SO FAR in the current year, results of Maidenhead Investments (Holdings) have been encouraging, but chairman Mr. Michael Rivkin says that, in view of the general economic position, it would be unwise to be too confident that this trend will continue.

In the year ended March 31, 1975, group pre-tax profits declined from £977,000 to £628,000 on a turnover up from £5.36m. to £7.78m. The dividend of this 77.19 per cent. owned Argyle Securities subsidiary is raised from 0.125p to 0.1315p.

An analysis of turnover and attributable net income—£1,338,000 (£1,559,000)—is as follows (£000's omitted)—rent receivable £364 (£362) and £331 (£326); bricks and tile manufacture £769 (£675) and £102 (£125); estate development £6,284 (£3,798) and £818 (£929); property trading £363 (£525) and £87 (£179).

The group's principal activity continues to be housebuilding supported by brick and tile manufacture and property investment. Early in the year it was decided to increase the rate of building, reduce house selling prices and stabilise the rate of manufacture of bricks and tiles. By the first two actions the group was able to generate a "substantial positive cash flow" and reduce borrowings.

In the case of brick and tile manufacture disruptions in supply and increased fuel costs together with slacker demand for output caused both an increase in costs and stockpiling, explains the chairman.

He reports that in the first few months of the current year continuation of these policies has produced successful results and the group has continued to increase the number of houses under construction. The purchase, recently announced, of two housebuilding companies in the Oxfordshire area will add to volume and geographical spread of operations.

The directors have decided to dispose of all investment property in order to employ the proceeds in trading activities. A programme of sales has been initiated since the year end, and is already contributing strongly to the group's underlying cash flow.

Land which will form part of the group's future building programme and held by the brick and tile making subsidiary was revalued in 1973 and the surplus carried to reserves. In 1974 the book value of this land was reduced by £1.1m. and this year it has been further reduced by £840,000. The group is about to commence infrastructure works preparatory to a phased residential building plan.

The chairman says it is inappropriate in the current economic climate for the company to carry the amounts relating to goodwill in its balance sheet. Consultations are going on with the auditors and other professional advisers and holders will in due course be informed of proposals for the reduction of these amounts, shown in the accounts at £3.24m.

In their report the auditors state that in their opinion the goodwill included in the accounts is not justified by the group's profitability.

Meeting, 65, Leadenhall Street, E.C., November 6 at 10 a.m.

RESULTS AND ACCOUNTS IN BRIEF

BRITISH EMPIRE SECURITIES AND GENERAL TRUST—Second interim—in lieu of final—0.16p making 0.50p (same). Gross income year to September 30, 1975, £211,022 (£203,818). Net revenue after tax £121,307 (£130,458).

PARINGA MINING AND EXPLORATION COMPANY—Unaudited loss year to June 30, 1975, £5,398 (£18,123 loss). This is after writing off investigation and prospecting costs totalling £513 (£11,448) but before provision for U.K. tax £282 (£556). As in previous years, no provision for Australian income-tax is necessary.

RIVOLI CINEMAS—Dividend 30.355 per cent. for year to April 5, 1975. Net profit £28,819 (£35,105) after charging tax £4,400 (£6,300) and transfer from tax equalisation account £1,300 (transfer to tax equalisation account £355) and after crediting prior years adjustment of tax £4,800 (£277).

SINGAPORE PARA RUBBER ESTATES—Dividend 0.3p (0.67p). Turnover year to March 31, 1975 £239,578 (£315,425). Profit £31,355 (£61,091), less tax £3,000 (£15,700) leaving £28,355 (£45,391). Profit attributable £9,659 (£18,291) including profit on sale of investments £724 (£5,950) but after transfer to reserves £20,000 (£30,950). Earnings per share 1.063p (1.866p) [illegible] for year credit taken for refunds of Malaysian replanting cess of £27,851 (nil).

SOUTHERN KINTA CONSOLIDATED (tin concentrate dredging and winning in Malaysia and Thailand)—Results for year to March 31, 1975, already known. Fixed assets £1.22m. (£1.25m.). Current liabilities and provisions £2.81m. (£2.71m.). Current assets £3.91m. (£2.63m.). Source and application of funds statement shows £1.51m. (£0.4m.) increase in working capital. On September 8 London Tin Corporation held 51.5 per cent. of the issued capital and Datuk Keramat Holdings Berhad held 10 per cent. Chairman warns that results for current year likely to compare unfavourably with 1974-75. Meeting, 55, Moorgate, E.C., October 28, noon.

TRANSATLANTIC AND GENERAL INVESTMENTS—Interim dividend 1.5p net (1.25p and 2.7p total). Final dividend expected to be at least 1.5p. Revenue after tax for six months ended September 30, 1975, £55,918 (£26,312). Asset value per share on September 30, including 100 per cent. of dollar premium, was 92.2p.

WESTERN MINING CORPORATION—Results for year to June 17, 1975, already known. Current assets $A77.5m. ($A52.1m.). Current liabilities $A23.7m. ($A25.9m.). Meeting, Melbourne, October 29.

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ISSUE NEWS

Aslan to go public—no quote yet

Aslan Publishing Services (trade name Lion Publishing) is to become a public company, and to make a share issue of 100,000 £1 shares at par value. No quote is envisaged yet.

Most of the company's sales consist of full-colour Christian books such as "Lion Handbook to the Bible" and "Photo-Guides" to the Old and New Testaments. Overseas turnover accounts for 76 per cent. of sales and, following this month's Frankfurt Book Fair, the company expects to add many more overseas editions to the 63 already produced and 50 un[der] negotiation.

Sales in the first half of [the] year are three times up on [the] comparable period, and A[slan] states that its books are show[ing] "exception" sales at a time w[hen] many publishers are cutting b[ack].

The company has been in op[era]tion for four years and the [staff] only numbers 22. Neverthe[less] annual turnover is stated t[o be] climbing past the £1m. mark.

The prospectus is available f[rom] the company at 121, High St[reet], Berkhamstead, Herts. The s[hare] issue will be made on Octobe[r]

BUILDING SOCIETIES

Heart of England's assets £78m.

ASSETS of the Heart of England Building Society at the end of September, 1975, totalled £78.2m., an increase since the beginning of its financial year (March 1) of £5.5m.

In the seven-month period, net receipts from investments totalled £4m. and nearly 7,000 new accounts were opened. Types of investment accounts range from the regular savings account, giving interest of 8.30 per cent., to the high yield account for lump sum deposited for a two-year fixed term at a rate of interest of 7.75 per cent.

Demand for mortgage loans is still heavy, the Society reports, despite the fact that in the seven months £7.95m. was loaned.

[A] record results in savings rec[eived], home loans made and [asset] growth.

Net inflow rose by 78 per [cent.] to £326,000, home loans increased by 20 per cen[t. to] £350,000, and the growth i[n] assets was 25 per cent. to £[...] The total of home loans aw[aiting] approval on completion duri[ng the] next six months is £300,00[0].

	Ni[ne months] 197[5] £00[0]
Savings received	[illegible]
Withdrawals	[illegible]
Net inflow	[illegible]
Home loans	[illegible]
Liquid funds	[illegible]
Total assets	[illegible]

If the present inflow con[tinues] the target of £1m. gross [...] and £500,000 for home loa[ns] be achieved by the end o[f ...] the Society states. It co[ntinues] to give top priority to firs[t] house buyers saving wi[th the] Society

CATHOLIC RECORDS

IN THE first 9 months to September 30, of this year, the Catholic Building Society has achieved

Wilkins & Mitchell outlook

There is now a general realisation that it is "impossible" to redistribute more wealth than is created, according to Mr. Henry Wilkins, chairman of Wilkins and Mitchell, the Midlands-based engineering group.

He told shareholders at the annual meeting that he believed "we may well see a change of heart and encouragement to our type of industry." If action was taken with that realisation and given any reasonable stability of general economic and trading conditions, he saw "good prospects for the future of the company."

"We are a front-line organisation making products that are complete and sold to the customer as a finished item. History shows this type of company is always the first to be hit when adverse conditions prevail, but are also the first to improve if they are prepared as we are when opportunities start to show through."

PORTSMOUTH AREA RADIO STARTING

Radio Victory, the independent local radio company for the Portsmouth area, begins transmitting to-morrow on 257 metres, medium wave, and 95.0 Megahertz VHF, the Independent Bro[adcast]ing Authority has announ[ced].

World jute group

Representatives of Bangladesh and Nepal wil[l meet] in New Delhi on October [...] discuss the draft constitu[tion of] the proposed "Jute Interna[tional"] producers group, suggest[ed by] the UN Development [Pro]gramme. Later Thailand [is] expected to join.

The plan is for Jute I[nterna]tional to launch a [...] campaign aimed at inc[reasing] consumption of jute all o[ver the] world. Demand for jute ha[s been] declining owing to comp[etition] from synthetics.

Although a producers [group] Jute International will al[so seek] the co-operation of con[suming] countries and the support [of the] World Bank.

Factory plan at Aycliffe

AYCLIFFE Developmen[t Cor]poration is to start work [on the] second phase of a £6m. in[dustrial] development programme [in the] Co. Durham new town, in[cluding] provision of 320,000 squa[re feet] of factory space.

...nding dividends ...etable

...e convenience of readers the dates when some of the ...rtant company dividend statements may be expected in ...w weeks are given in the following table. The dates ... those of last year's announcements, except where the ...g Board meetings (indicated thus*) have been officially ... It should be emphasised that the dividends to be ...ill not necessarily be at the amounts or rates per cent. ...e column headed "Announcement last year." Preliminary ...es usually accompany final dividend announcements.

Date	Announcement last year	Date	Announcement last year
[illegible]	[illegible]	[illegible]	[illegible]

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

...l Authority Investments

...THORITY loan rates ...y last week, following ...e in Bank of England Lending Rate on the ...riday. Deposits with ...orities at seven days' ...rroved to 11¼-11½ per cent. ...o 10¼-10⅞ ...one-month deposit to ...11½ per cent, from ...cent., the three-month ...per cent. from 10¾-10⅞ ...and the six-month to ...cent. from 10⅞-11¼ ...uotations from the one-...year mortgage rose to 12⅛-12¼ per cent., from 11⅞-12 per cent. The Financial Times Government Securities Index continued to fall, though at a slower rate than during the previous week, and finished at 58.36, compared with 59.02.

One year local authority bonds were placed during the week at 11⅞ per cent., with a coupon of 12 per cent., in order to offer a yield ⅛ per cent. higher than the previous week's batch. In addition an 18-month bond was issued at par with a coupon of 12⅛ per cent.

• Rate (%) October 10, 1975	
...tice (deposit receipt)	11⅛-11¼
...tice (deposit receipt)	11¼-11⅜
...tice after one month (deposit receipt)	11½
...tice after three months (deposit receipt)	11¼-11⅜
...tice after six months (deposit receipt)	11½-11⅝
...one month's mutual notice after 11 months	12⅛
...l one month's lender notice after 11 months	12⅜
...l term 2-5 years	[illegible]
...mortgage	13¼
...mortgage	13⅜
...mortgage	[illegible]
...mortgage	14¼
...mortgage	n.a.
...mortgage	n.a.

...are for sums not less than £50,000 and are subject to local ...nd fluctuations. † Nominal. ‡ Shorter periods may attract ...es than longer. n.a. Not available.

...lic Works Loan Board rates

Effective from October 4, 1975

	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans A* Repaid By instalments	Non-quota loans A* Repaid At maturity
...	11½	12	12½	13¼
...up to 10	12	12½	13¼	13½
...up to 15	12½	14¼	13½	14¼
...up to 25	14¼	14¼	14½	14½

...quota loans B are 1 per cent. higher in each case than loans A.

...ENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]			[illegible]	[illegible]	Corn Exchange	140		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]			[illegible]	[illegible]	Adwest Grp. 10% Conv. 90/2000	[illegible]	
[illegible]			[illegible]	[illegible]	Bristol Water 9% Red. Pref. 1980	[illegible]	
[illegible]			[illegible]	[illegible]	C.S.R. 9% Notes 1980	[illegible]	
[illegible]			[illegible]	[illegible]	City of Liverpool 12% Stk. 1981	[illegible]	
[illegible]			[illegible]	[illegible]	Clayton Dewandre	[illegible]	
[illegible]			[illegible]	[illegible]	Coventry (City of)	[illegible]	
[illegible]			[illegible]	[illegible]	Derby Borough Council	[illegible]	
[illegible]			[illegible]	[illegible]	Fodens 10% Conv. Red. Cum. Pref.	[illegible]	
[illegible]			[illegible]	[illegible]	Haslemere Est.	[illegible]	
[illegible]			[illegible]	[illegible]	Hereford Water	[illegible]	
[illegible]			[illegible]	[illegible]	Islington	[illegible]	
[illegible]			[illegible]	[illegible]	Hoskins	[illegible]	
[illegible]			[illegible]	[illegible]	Johnson & Firth Brown	[illegible]	
[illegible]			[illegible]	[illegible]	Land Secs 10% Conv.	[illegible]	
[illegible]			[illegible]	[illegible]	Lee Valley Water 9% Red. Pref. 1980	[illegible]	
[illegible]			[illegible]	[illegible]	Newcastle & Gateshead	[illegible]	
[illegible]			[illegible]	[illegible]	Norcros	[illegible]	
[illegible]			[illegible]	[illegible]	Schlesinger Int. Fd. (Jersey) Part. Red. Pref.	[illegible]	
[illegible]			[illegible]	[illegible]	Spirella 10% Conv. 1980	[illegible]	
[illegible]			[illegible]	[illegible]	Whitbread 11% Conv. 1980	[illegible]	
[illegible]			[illegible]	[illegible]	York Waterworks 9% Red. Pref. 1980	[illegible]	

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
[illegible]		[illegible]	[illegible]	[illegible]	BPB Ind.	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Bertucci & Wilcox	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	European Ferries	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Grand Met. Hotels	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	I.C. Gas	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Ladbroke	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Norcros	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Northern Foods	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	
[illegible]		[illegible]	[illegible]	[illegible]	Sangers Group	[illegible]	

[illegible]

INTERNATIONAL COMPANY NEWS

IBM net profits top $495m. mark

BY GUY DE JONQUIERES — NEW YORK, Oct. 12.

INTERNATIONAL BUSINESS MACHINES has reported that its net profits increased to $495.2m. or $3.32 per share, during the third quarter of this year from $477.3m. or $3.23 per share in the same quarter of 1974.

Though the increase amounts to less than four per cent., it is greater than most Wall Street anlysts had forecast and marks the end of three successive quarters in which IBM's net profits have been either flat or declining. Gross sales during the quarter rose to $3.6bn. from $3.1bn. a year previously.

During the first nine months of the year, net profits rose by $20.1m. to $1.4bn or $9.41 per share, up from $1.4bn. or $9.45 per share. Gross revenues during the first nine months increased to $10.4bn. from $9.4bn.

The third quarter also saw a small increase in gross income from sales (as opposed to rentals and services), which rose to almost $1.1bn. from $1bn. But during the first nine months, gross income from sales was still below the level in the same period of last year at $3bn., compared with $3.2bn.

Mr. Frank Cary, chairman of IBM, commented: this factor, together with the continuing effects of worldwide inflation, held the increase in nine months net earnings to a very modest amount, despite an appreciable growth in gross income.

Sandoz sees improvement

BASLE, Oct. 12.

SANDOZ EXPECTS the decline in earnings to be less marked in the second half of this year than in the first if the Swiss franc does not appreciate further, executive board delegate Yves Dunant said.

Group sales in the first eight months were slightly below the year ago level, but a certain improvement appeared since end June, he said in a house magazine interview. Group sales already announced in the first six months were Sw.Frs.1.92bn. down from Sw.Frs.2.04bn.

Mr. Dunant said he does not expect the recession to end until possibly as late as the second half of next year. But Sandoz is sticking to the basic aims of its 10-year-old plan established in 1972.

It has to fix priorities and be more flexible, above all for establishing new production lines which will take place largely outside Switzerland, he said.

He added the group's cost saving measures are beginning to work, but must continue. Non-replacement of employees who leave will continue in 1976.

Reuter

SKF Gothenburg plan

BY JOHN WALKER — STOCKHOLM, Oct. 12.

SKF, the Swedish ball-bearing group, is to invest Kr.340m. (£38m.) over the next five years in its Gothenburg plant, the company says. Included in the total is Kr.17.5m. which will be taken from the special industrial investment fund for environmental problems.

Although the investment itself is not of a remarkably high level for a company of that size it must be remembered that it only concerns the Gothenburg factory and therefore represents a major project. In a number of the company's plants in Gothenburg, new semi-automated machines will replace manual labour. In several of the plants new soundproofing measures are to be incorporated, as well as improved lighting and ventilation.

SKF also says that it has opened a new manufacturing facility for textile machinery bearing units in Singapore. It involves an initial investment of Kr.36m. (£4m.). SKF Manufacturing, Singapore, was set up as a joint project between SKF in Sweden and the group's German bearing company.

Rheinmetall takes rival subsidiary

FRANKFURT, Oct. 12.

RHEINMETALL, the West German machinery and defence equipment major, is to take over the Dutch weapons and munitions subsidiary of its much smaller rival IWKA. The deal forms part of a major restructuring and reoganisation of IWKA following its poor performance last year which culminated in a DM30.8m. loss.

Under the deal, Rheinmetall will assume responsibiltiy for the production activities of the Dutch company, Nederlandsche Wapen-en-Munitiefabriek de Kruithoorn. The products of the company will in future be marketed by the newly formed De Kruithoorn Systems, which deal with Rheinmetall—which is jointly owned by Rheinmetall and IWKA. IWKA's has an annual turnover of around DM13bn. comes after considerable losses at the Dutch subsidiary. IWKA, the majority of which is owned by the Quandt family, explained in its annual report that the company worked virtually exclusively on public contracts. In 1974, results had not matched expectations because the discontinuation of certain contracts had hit utilisation of capacity.

No figures have yet been announced for the deal: however, IWKA Industrie-Werke Karlsruhe Augsburg appears to be doing rather better this year. The first half results show that although orders went down, turnover increased against the first six months of the previous year.

Turnover of the group's home operations in the first half of the current year totalled DM276.4m., an increase of 6.8 per cent. on the DM258.8m. reported in the same period of 1974. Exports as a proportion of turnover were 30 per cent., the same as last year. Growth, however, largely came at home. Figures including those of foreign subsidiaries show a turnover of DM320.5m., 5.9 per cent. up on the DM302.7m. in the first half of last year.

The order position, however, has worsened considerably. The group's German operations reported that orders in the first half were worth DM 261.5m.—a decline of 7.1 per cent. on the first half of 1974's DM281.4m. At the half way mark the order book stood at DM307.5m., some 6.3 per cent. down on the DM328.3m. recorded on June 30 last year. When the group's foreign interests are included, incoming orders in the first half were down 6.1 per cent. at DM298.2m. while the order book plunged 13.3 per cent. from DM400.6m. to DM347m.

Against this, the group should realise substantial savings from its rationalisation and reorganisation campaign. As part of this it has thinned out its labour force, particularly at home.

World Economic Indicators

INDUSTRIAL PRODUCTION (1970=100)

	Aug. '75	July '75	June '75	Aug. '74	% change on a year earlier
Japan	112.4	113.7	111.5	120.8	— 6.95
Germany	91.0	89.6	106.5	96.1	— 5.3
U.K.	99.1	100	99.5	108.9	— 9
U.S.	112.9	110.8	110	125.2	— 9.8
	July '75	June '75	May '75	July '74	
Italy	116.3	109.8	105.5	131.6	—11.6
Holland	95	106	99	103	— 7
	June '75	May '75	April '75	June '74	
Belgium	112.9	102.4	115.4	120.3	— 6.1
France	112	109	112	126	—11

MINING NOTEBOOK

New light on Platinum share battle

BY LODESTAR

THERE HAS been a highly interesting backlash to the discussion here last Monday of the bearish views about platinum and the shares of the relevant holding companies put forward by a Johannesburg broker considered a specialist in this particular field.

Cutting across the ripostes from various sources, however, was Thursday's announcement from Rustenburg that it was rolling back the July producer price increase for platinum from $170 an ounce to the $155 that prevailed prior to then.

The impact of this on earnings for the year to next August will be softened by the recent devaluation of the rand. In fact, it seems likely that had it not been for this factor Rustenburg might have thought twice about pulling back its selling price towards the current depressed free market level of $140.

Russian sales

After all, taking the devaluation into account, a $155 price means that the South African producers, including the other major mine Impala and Lonrho's Western Platinum, will still be better off in terms of rands. The lower dollar price now converts to R135; at the previous exchange rate, $170 equalled R121.

So Rustenburg could afford to make the move in the light of the recent offloading of Russian platinum which has been the primary factor in dragging down the open market price, and is a further reflection of that country's need for foreign exchange to finance its overseas grain purchases.

That a switch from gold to platinum would eventually be made by the Russians had been well recognised by London dealers. One of them commented that at anything under $140 platinum would be a "snip." Here again, the tendency of the Russians in recent years to be very market-minded was being taken into account.

The next question is where the generally unexpected Rustenburg price roll-back leaves last week's London counter-attack on the Johannesburg broker's bearish views. The proponents are undismayed in view of the Rand devaluation factor. The main analysis came from Panmure Gordon. In a six-page break-down of prospects, swords are crossed particularly about Rustenburg's dividend possibilities, which must be the final arbiter of the future course of the shares of the holding companies Potgietersrust, Waterval, Union Platinum and, indirectly, Lydenburg.

Dividend clash

Panmure Gordon look for a sharp recovery from the past year's emaciated R5.45, down from R21.84 for 1973-74, to an estimated R15 to R20 for 1975-76 and reckon that it will be in 1976-77 that something between R20 and R25 will enable the 1974 rate to be re-attained or surpassed, not as far ahead as 1978 as the Johannesburg analysis predicted.

This more optimistic distribution view is backed by a number of arguments, including the fact that it is more important for Rustenburg to win a bigger volume share of the world market than to sustain its selling price at the recent higher level especially if it can get rid of its accumulated stocks. And, of course, if it thereby can begin to take up more of its actual production capacity then the battle against rising unit costs will be that much less fierce.

It is admitted that little improvement in 1975-76 earnings can be anticipated, but London brokers are more optimistic about that year's dividend possibilities, owing to reduced capital expenditure requirements. Moreover, in their view, at some time next year it is considered possible that Rustenburg will be able to increase production by perhaps 100,000 to 200,000 ounces beyond the recent 900,000 ounces, which compares with a capacity in the process of being raised to an annual 1.3m. ounces.

By 1978 Panmure Gordon, optimistically, considers that Rustenburg could be selling 1.4m. ounces with Impala also in full production at almost 1m. ounces. Consumer inventories are at a very low level which "increases the likelihood of a sharp rise in demand at some stage" at hopefully higher prices.

So here is the other side of the platinum coin. The consensus of opinion, weighing the conflicting London and Johannesburg views, is that platinum shares have little short-term appeal. But there is a latent long-term bullishness in both centres.

Australia relents

Following his successful August choice of Utah Mining Australia, as recalled here last Monday, our Canadian prospector friend can now stop shaking in his shoes about Pancontinental which, along with other Australian uranium shares, were a strong market on Friday at 545p. This followed some dove-like noises from the Federal Government about the country's bottled-up uranium resources.

Reading between the lines, it looks as though Prime Minister Whitlam has stepped in to send the Peko-EZ Industries Ranger project on its way at long last. And it could even be that the terms might be better than those proposed by Minerals and Energy Minister Connor a year ago.

Moreover, deputy Prime Minister Frank Crean was forecasting last week changing minerals and energy policies which had been "struck in a rut on some major issues." He favoured relaxation of the ban on new uranium export contracts which was souring Australia's foreign relationships, particularly with West Germany and Italy, who were seeking assured supplies. Australia had no monopoly of supplies, so should now start selling uranium.

Mr. Crean even went so far as to say that the Connor dream of a uranium enrichment plant could be too ambitious. Here is some government sense at last. It bears out the conclusion in last Wednesday's Mining News column that Australia's uranium resources are huge enough to add to the country's export potential even if the enrichment project is eventually proceeded with.

In the stock market the new Government utterances should lead to a revival of speculative confidence in uranium issues. This, from the London viewpoint, primarily means Pancontinental which could also be in the process of further upgrading the tonnage possibilities of its big Jabiluka deposit.

Capel on Golds

The first of the September quarterly reports from the South African gold mines are due today. They are expected to show some reduction in profits compared with the previous three months. But they are already outdated in judging future prospects in that the recent 17.9 per cent. rand devaluation will be boosting earnings in that currency in the current quarter.

Meantime, it is noteworthy that James Capel, the London brokers, is beginning to make bullish noises about gold shares. Why is this important? Well, as recorded here in July, they rang the selling bell when our gold mines index was 382.4. It is now 251.3. So their view is to be respected. Present choice is Doornfontein (635p).

INSURANCE

These men cover kidnaps

BY OUR INSURANCE CORRESPONDENT

WITH THE continuing upsurge of kidnapping incidents abroad, and their inexorable movement closer to our own shores, perhaps this is an opportune moment to remind both national and international companies and the staff they employ at home and abroad, that kidnap insurance is provided by Lloyd's Underwriters specialising in political risks.

With most kinds of insurance—of large fires, robberies or of aviation accidents—the insured event is of itself first-class publicity for insurers, as an illustration first of the need for cover and secondly of the financial protection insurers can provide.

Quite the converse is true of kidnap cover—it is a standard feature of the provision of the insurance in this country, and also in America, that the existence of the insurance is not to be disclosed if and when any ransom payment is made.

So the restoration to his family of a kidnapper's victim on the payment of good insurance money is not the kind of publicity insurers employ to drum up more premium from new risks and for future claims.

Telephone call

Yet clearly, anyone writing kidnap insurance needs a well-filled pocket to pay for the occasional claim that comes along; this can be obtained only by writing a number of such risks—the insurer who picks up an odd kidnap risk or two, without attempting, so to speak, to write a book, is in the long term on a hiding to nothing.

One condition normally to be found in kidnap policies is to the effect that insurers will not pay, unless the policy holder (who is ostensibly finding the ransom money) consults with the police and governmental authorities of the particular country and follows all the instructions given.

In other words, insurers do not automatically provide money on the kidnapper's first telephone call—perhaps not even on his fifth or sixth, unless at that stage either the law enforcement authorities reckon they can do nothing more and that paymen is the only course left, or accede to the employer's or family's request to be allowed to pay.

In the latter part of the summer, Mr. Julian Radcliffe, in the course of a talk on political risks given at a symposium on risk management organised by Risk Management Consultants Limited, had this to say on the relationship between the payment of ransom and the existence of insurance.

"We know that the existence of insurance has in no way led to the encouragement of paying ransom in response to a threat.

"We have examined a number of cases when companies have decided to pay out money and know that the existence of insurance has hardly influenced their decisions at all.

"The existence of insurance is purely an incidental matter in making a difficult decision in which the safety of the victim, the risks for future victims, and many other factors are the ones that bear heavily on the unfortunate people who have to make the decision about paying."

Referring to U.S. experience and to discussions he had had there, Mr. Radcliffe reported unanimity here and in the U.S. on insurers' attitude to payment: namely that insurers should not concern themselves with the actual decision to pay or not to pay, but leave this for the employer or the relatives after their due consultation with the authorities.

Majority

The majority of kidnappings so far have been of diplomats, senior company officials, members of rich families and so on, because the holding of such people seemingly can effect the greatest financial leverage.

But can we be sure this will continue? Are the junior national (and not expatriate) employees of an international organisation any more expendable? Certainly they are because of their numbers, much more accessible, much less protectable.

Partly for this reason it must be good sense for any organisation contemplating the purchase of kidnap cover to think not only of its top executives, but of all its staff, and this moreover on the world-wide scale concomitant with the breadth of its operations.

Then, with firm quotations for varying degrees of cover, the organisation can properly decide how much insurance it requires and how much risk it can afford to incur with its own resources.

London tea sales

At the tea sales held in London last week 37,950 packages sold realised an average price of 61.24p per kilo, compared with 61.74p at the previous sale and against 57.53p a year ago. Plain tea was quoted at 46p.

	No. of kilos	Average per kilo
African Highland Prod.	57,857	62p
Anglo Ceylon and Gen.	31,283	62p
Assam Company	21,353	57½p
Assam Frontier	57,895	62½p
Attaree Khat.	34,992	68p
Blantyre	35,988	62½p
Borelli	18,527	58½p
Central Africa	15,966	55½p
Chulsa	9,055	54p
Consold. Estates	21,376	59p
Dekhari	6,583	67p
Demodera	10,715	60p
Doom Dooma	50,411	64p
Eastern Assam	30,264	66½p
Haniphа	8,558	55½p
Imperial	16,655	63p
Jokai	47,864	67p
Kenya	109,596	65½p
Luieri	45,480	60½p
Moran	14,590	64½p
Nayabedde	14,477	61p
New Dimbula	29,199	60p
Ouvah	16,179	68½p
Pabbojan	63,440	67p
Ruo Estates	34,730	54½p
Scot. Tea and Lands	16,449	56½p
Spring Valley	12,929	62½p
Telbedde	9,310	65½p
Tukuyu	23,631	64p

Stocks at October 3 amounted to 57,559 metric tons compared with 63,832 metric tons a year ago. Converted at 49,988 kilos per package.

INSURANCE BASE RATES

† Atlantic Assurance ... 11¾%
Cannon Assurance .... 9 %

† Address shown under Insurance and Property Bond table.

Money & Exchanges

Bank of England Minimum Lending Rate 12 per cent. (since October 3, 1975)

Short-term fixed period interest rates were generally firmer last week and the three-month sterling certificate yield improved to 11⅝-11¾ per cent., from 11⁷⁄₁₆-11½ per cent. A fairly sharp increase in rates on Thursday reflected the shortage of day-to-day credit in the London money market and on that day the authorities gave very large assistance by buying Treasury bills and Corporation bills from the Discount houses.

The credit supply tended to vary quite considerably, and a shortage on Monday was followed by a large surplus on Tuesday, with the credit supply sufficient for the requirements of the market on Wednesday and Friday. The authorities bought a large amount of Treasury bills and local authority bills on Monday and sold a large number of Treasury bills on Tuesday. There was no official intervention on Wednesday and Friday.

Sterling remained steady in the foreign exchange market, gaining a little ground against the dollar, but easing slightly against most other major currencies. The increase in Minimum Lending Rate was the main factor in the pound's favour and the subsequent easier trend in U.S. interest rates has helped maintain the differential between U.K. interest rates and those in the U.S. Sterling closed at $2.0580-2.0590, on Friday, its highest closing level of the week, and an improvement of 2.10 cents since the end of the previous week. The discount on the forward pound widened quite sharply, reflecting the lower trend in Euro-dollar rates. Three-month forward sterling widened to 2.35 cent premium from 1.85 cent premium.

The pound's weighted depreciation, against ten major currencies, since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, widened to 29.3 per cent., from 29.1 per cent., on the previous Friday, but the rate remained between 29.0 per cent. and 29.5 per cent. throughout the week.

The U.S. dollar declined in terms of the other major currencies, following an easier trend in U.S. interest rates and indications that the Federal Reserve Board has relaxed its monetary policy after the recent fall in the growth of the U.S. money supply. The U.S. unit's trade-weighted average depreciation against 14 units, since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 2.10 per cent., from 1.47 per cent.

Concern over New York's financial problems also had a weakening effect on the dollar.

Gold maintained its recent firmer trend, but a lack of new factors to influence the price of the metal caused trading to be rather quieter than of late. It gained $4, on the week to $142-$143.

EXCHANGE CROSS-RATES

Oct. 10	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. $ in Montreal. U.S. $=102.82-22 Canadian cents. Canadian $ in New York. ... Sterling in Milan 1394.70.

EURO-CURRENCY INTEREST RATES*

Oct. 10 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German Mark	Swiss Franc
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

U.K. MONEY MARKET RATES

Oct. 10 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Bank bills	Fine trade bills
Overnight	—	[illegible]	—	—	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	—	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

[illegible]

GOLD MARKET

	Oct. 10 1975	Oct. 9 1975
Gold Bullion (a fine ounce)		
Close	$142-143	$139¾-140¼
Opening	$141-142	$138½-139½
Morning fixing	$141.0 (£68.665)	$139.3 (£67.935)
Afternoon fixing	$142.25 (£69.154)	$140.0 (£68.395)
Gold coins domestically		
Krugerrand	$146-148 (£71-72)	$144½-146½ (£70½-71½)
New sov'gns	$45¼-47¼ (£22-23)	$44-46 (£21½-22½)
Old sov'gns	$45¼-47¼ (£22-23)	$44-46 (£21½-22½)
Gold coins internationally		
Krugerrand	$146-148 (£71-72)	$144½-146½ (£70½-71½)
New sov'gns	$43½-44½ (£21¼-21¾)	$42¾-43¾ (£20¾-21¼)
Old sov'gns	$42¾-43¾ (£20¾-21¼)	$42-43 (£20½-21)
$20 Eagles	$222-225	$222-226
$10 Eagles	$115-118	$114-118
$5 Eagles	$78-81	$77-82

FOREIGN EXCHANGES

Oct. 10 1975	Bank Rates %	Day's Spread	Close
New York	6	[illegible]	[illegible]
Montreal	8¼	[illegible]	[illegible]
Amsterdam	4½	[illegible]	[illegible]
Brussels	6	[illegible]	[illegible]
Copenhagen	7½	12.38-12.40	12.39-12.40
Frankfurt	3½	[illegible]	[illegible]
Lisbon	6½	[illegible]	[illegible]
Madrid	7	121.6-122.08	121.75-121.85
Milan	6	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

† Basic discount. ‡ Rates given are for convertible francs: closing financial franc ...

SPECIAL DRAWING RIGHT RATES

	Oct. 10	Oct. 9
One SDR is equal to:		
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Italian lira	[illegible]	[illegible]
Dutch guilder	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]

Values are for reference against the SDR calculated by the International Monetary Fund in Washington.

OTHER MARKETS

	Notes Rates		Notes Rates
Argentina	[illegible]	Argentina	[illegible]
Australia	[illegible]	Austria	[illegible]
Brazil	[illegible]	Belgium	[illegible]
Finland	[illegible]	Denmark	[illegible]
Greece	[illegible]	France	[illegible]
Hong Kong	[illegible]	Germany	[illegible]
Iran	[illegible]	Italy	[illegible]
Kuwait	[illegible]	Japan	[illegible]
Luxembourg	[illegible]	Netherlands	[illegible]
Malaysia	[illegible]	Norway	[illegible]
New Zealand	[illegible]	Portugal	[illegible]
Saudi Arabia	[illegible]	Spain	[illegible]
Singapore	[illegible]	Switzerland	[illegible]
South Africa	[illegible]	United States	[illegible]
U.S.	[illegible]	Yugoslavia	[illegible]
Canada	[illegible]		
C.S. cents	[illegible]		

‡ Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ‡ Rate given is the commercial rate: financial rate ... Special financial rate ... All rates nominal.

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward U.S. dollar ... 12-month ...

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Oct. 10	Oct. 3	Sept. 26	Sept. 19
Financial Times				
Govt. Secs.	[illegible]	[illegible]	[illegible]	61.16
Fixed Interest	[illegible]	[illegible]	[illegible]	60.96
Industrial Ord.	[illegible]	[illegible]	[illegible]	331.0
Gold Mines	[illegible]	[illegible]	[illegible]	320.1
Dealings mkd.	[illegible]	[illegible]	[illegible]	5,248
F.T. Actuaries				
Ind. Group	[illegible]	[illegible]	[illegible]	132.9
500-Share	[illegible]	[illegible]	[illegible]	147.90
All-Share	[illegible]	[illegible]	[illegible]	142.90
20-year Govt.	[illegible]	[illegible]	[illegible]	50.45
Red. Debs.	[illegible]	[illegible]	[illegible]	47.78

EUROBONDS

Midland issue improves books

BY MARY CAMPBELL

FOLLOWING a week of unusual quiet in the primary market, Midland Bank launched a $50m. floating rate issue late on Friday evening. The other big British commercial banks have previously raised money on the Eurobond market, but this is Midland's first ever such issue.

The seven-year issue offers a spread of a quarter of a percentage point above LIBOR (which would yield about 8½ per cent. in present circumstances) with an eight per cent. floor. Lead managers of the issue are Credit Suisse White Weld and Samuel Montagu.

As with floating rate issues in general a major market for the notes is expected to be other banks. From Midland's point of view the issue will produce a useful improvement in the maturity and currency structure of its book while from the investors' point of view it offers a premium over the interest rate they would get on a Midland bank certificate of deposit.

The secondary market in all currencies showed a marked improvement last week. Non-dollar bonds were helped by the decline of the dollar on the foreign exchange markets while the indications that the Federal Reserve had eased its monetary stringency provided a firm basis for the decline in Eurodollar rates and the widening of the differential between short and longer rates to take effect.

But perhaps of most importance was the pause for breath in the primary market.

The saturation of the market was only too clearly evidenced by the increase in the Pechiney coupon from 9¼ to 9¾ per cent. and by the cutback in the size of the Noranda Mines issue—from $30m. to $25m. In addition a $C50m. issue for ITT which had been widely expected did not materialise.

Also announced last week was a $20m. 7½ per cent. 15-year convertible for Sanyo Electric. Lead managers are Daiwa and Schroders.

Van Gelder loss expected

BY MICHAEL VAN OS

AMSTERDAM, Oct. 12.

VAN GELDER, the Dutch paper manufacturer, has revealed that it expects to suffer a loss of Fls.20.30m. this year. Last year the company turned in a profit of Fls.39m.

The company, in which Crown Zellerbach of the U.S. has a 50 per cent. interest, blames the heavy loss on the persistent depression in the paper market in general. Van Gelder said after having remained barely in the black in the first half, with a Fls.4.4m. profit, that the expected recovery in the third quarter had not materialised. Instead, the prices of most papers had declined further and raw material prices and other costs had remained the same.

In view of the poor order position, the Amsterdam-based company had introduced short-time working in the period August 23 to October 3 when it was operating at about half capacity. Although the company has returned to normal working hours for the time being, it had incurred a substantial, undisclosed third quarter loss.

Van Gelder, added that although it would appear that the fourth quarter would be showing some improvement, that period too would be concluded with a loss. It was not prepared to speculate on the developments for next year.

Naarden buys UOP division

By Michael Van Os

AMSTERDAM, October 12.

NAARDEN INTERNATIONAL, one of the world's leading flavours and fragrances producers, has announced a major acquisition in the U.S. It has reached agreement in principle on the purchase of the fragrances division of UOP of Des Plaines, Illinois.

The UOP fragrances division, which has establishments in ten different countries, employs 700 people and its sales are believed to be in the region of $30m. The company will continue operations under its existing management.

A spokesman for Naarden International was not prepared to give financial details of the proposed takeover other than that sufficient cover had been arranged. The final transaction is expected to be completed next February subject to approval by both the Naarden and UOP boards and the national Governments.

Commenting on its decision to hive off its fragrances activities, UOP (formerly Universal Oil Products) said that although it recognised the fragrances and flavours business as fast growing and attractive, it did not, however, fit in well with the company's announced plans of concentrating its efforts in the fields of energy, environmental resources and technical products.

* * *

Matsushita Electric Industrial Co. has now filed its $100m. convertible issue with the U.S. Securities and Exchange Commission. The proposed maturity of the issue is November 20, 1990. Lead managers will be Merrill Lynch and Nomura Securities.

Dutch groups eye U.S.

By Michael Van Os

AMSTERDAM, Oct. 12.

THREE MAJOR Dutch companies are sending Board-level delegations for a promotional tour to the U.S. later this month as part of their plans of further internationalising their shareholdings.

The companies are Amro Bank, VMF, the major amalgamated engineering group, and Pakhoed, the large storage, transport, and property group. Luncheons for mainly institutional investors will be given in New York, Boston and Chicago on the four-day visit which starts October 21 led by Pierson's, the banking house.

The delegations include, Pierson's chairman, Mr. A. Jiskoot, Amro management Board member Mr. F. Hoogendijk, VMF chairman Mr. F. O. J. Sickinghe and Pakhoed chairman Mr. G. Verhage.

Botas $150m. Euroloan signed

Financial Times Reporter

THE $150m. Euromarket loan for Botas, a subsidiary of Turkey's State oil company, has been signed in London. The maturity of the loan is five years. The proceeds are to be put towards the cost of the pipeline from Kirkuk in Iraq to Iskenderun. Lead manager is Merrill Lynch Brown Shipley.

* * *

Nacional Financiera has arranged a further loan of $20m. on the Euromarkets. Maturity is five years and lead manager Barclays International.

This signing brings the total amount of Euromarket medium term syndicated loans for Nafinsa signed during the last six weeks to at least $190m. A $150m. loan for which Manufacturers Hanover was lead manager was signed last week. Another $20m. loan was recently signed by a group of banks headed by Western American. The latter two both offered spreads of 1½ per cent. on a five-year maturity.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume 000's
Oct. 10	67.72	163.06	823.91	80.39	14,680
9	67.75	162.73	824.54	79.56	17,770
8	67.56	162.34	823.91	78.83	17,200
7	67.36	160.11	816.61	78.70	15,530
6	67.21	159.87	813.66	78.20	15,470
3	67.05	158.38	813.21	78.19	16,360
2	67.05	155.93	794.56	77.29	14,290
1	67.22	154.79	784.16	76.36	14,070
Sept. 30	67.29	155.97	793.88	76.97	12,520
29	67.30	156.14	805.23	77.17	10,520
26	67.34	159.58	818.60	77.97	12,570
25	67.36	158.88	820.24	77.45	12,830
24	67.25	159.74	826.19	77.28	16,060
23	67.23	157.74	819.85	76.40	12,800
22	67.35	156.55	820.40	77.01	14,750
19	67.19	156.23	829.79	76.97	20,830
18	67.17	152.86	814.61	76.57	14,300
1975 High	69.92 (4/4)	174.12 (5/5)	881.81 (15/7)	87.07 (24/6)	—
Low	66.16 (3/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (2/7/32)	10.58 (8/4/32)	—

† Excluding bonds

IND. DIVIDEND YIELD p.c.

Oct. 3	Sept. 26	Oct. 4 1974
4.71	4.87	6.50

N.Y. SE ALL COMMON INDEX

December 31, 1965–50

1975 High	1975 Low	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6
51.24 (15/7)	37.06 (2/1)	46.67	46.72	46.50	45.82	45.56

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,780	674	637	469

	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6
New Highs	50	32	25	15	25
New Lows	18	14	9	11	9

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1975 High	1975 Low	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6
96.80 (15/7)	62.20 (2/1)	84.18	84.33	84.07	85.71	85.48
Volume (000's)		1,415	1,746	1,555	1,560	1,490

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Oct. 10	98.91	88.21
9	99.16	88.37
8	98.72	87.94
7	97.32	86.77
6	97.46	86.88
3	96.39	85.95
2	93.91	83.32
1	92.85	82.93
Sept 30	93.95	83.87
1975 High	107.40 (15/7)	95.91 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Oct. 8 1975	Oct. 1 1975	Oct. 9 1974
Ind. Ord yield pc	3.96	4.10	5.10
Ind. Ord p/e ratio	11.42	10.94	7.61
Long-term Govt. Bds. per cent.	8.22	8.30	8.39

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Amax	395,600	43½	−3
Polaroid	211,200	38½	+1⅛
Phillips Petrolm.	207,800	56¾	−1½
General Motors	180,200	53⅜	−¼
Fed. Nat. Mort.	177,200	14⅝	+1½
Westinghouse Elec.	168,580	12	−⅛
Pub Serv. Elec.	152,900	16⅞	+⅛
Ryder Systems	135,100	8⅛	−⅛
Texaco	132,600	23¼	+⅛
Amer. Home Prod.	130,400	35⅞	−⅛

TORONTO

INDUSTRIAL INDEX

Oct. 10	Oct. 9	1975 High	1975 Low
177.07	177.71	196.50 (15/7)	169.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Oct. 10	Oct. 9	1975 High	1975 Low
185.64	185.59	208.61 (15/7)	159.95 (2/1)

COMBINED INDEX

Oct. 10	Oct. 9	1975 High	1975 Low
180.13	180.30	198.00 (12/7)	158.05 (2/1)

JOHANNESBURG

	Oct. 9	Oct. 8	1975 High	1975 Low
Industrials	185.9	186.0	236.9 (16/7)	183.3 (23/1)
Gold	219.7	219.5	379.1 (2/1)	203.3 (10/9)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Oct. 9	Oct. 2	Sept. 26
On Dividends	6.34	6.60	6.74
On Earnings	10.51	10.99	11.80

SYDNEY ALL ORD. INDEX

Oct. 10	Oct. 9	High 1975	Low 1975
404.02	401.27	404.79 (7/10)	268.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Oct. 11	Oct. 9	High 1975	Low 1975
306.96	307.31	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ●

Oct. 10	Oct. 9	High 1975	Low 1975
311.39	308.86	341.57 (9/6)	150.42 (9/1)

SINGAPORE INDEX §

Oct. 10	Oct. 9	High 1975	Low 1975
219.78	220.08	265.69 (11/6)	155.46 (8/1)

EUROPE

	Oct. 10	Prev. ious	1975 High	1975 Low
Belg'm (a)	98.02	97.56	111.81 (15/5)	90.01 (2/1)
Denm'k (b)	95.95	95.46	94.51 (15/9)	73.0 (15/1)
France (d)	66.5	65.9	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	696.2	696.2	726.1 (15/4)	573.5 (2/1)
Holland (f)	86.8	86.4	107.6 (6/5)	83.2 (2/10)
Italy (g)	77.52	78.37	108.86 (21/2)	77.52 (10/10)
Spain (h)	92.15	92.57	110.39 (22/4)	91.80 (19/9)
Sweden (k)	400.32	400.98	400.98 (9/10)	310.56 (8/1)
Switz'rl'd (m)	256.6	256.4	290.1 (6/6)	205.5 (2/1)

Indices and base dates (all base values 100) — (a) Belgian S.E. 31/12/63 (b) Copenhagen S.E. 1/1/73 (d) Paris Bourse 1961 (e) Commerzbank December 1953 (f) Amsterdam Industrial 1970 (g) Milan 2/1/73 (h) Madrid S.E. 31/12/74 (k) Stockholm Industrial 1/1/58 (m) Swiss Bank Corp. 31/12/58 (n) Unavailable ● Hang Seng Bank 31/7/64 § Straits Times 1966 (c) Closed † Adjusted

TEL AVIV STOCK EXCHANGE

Company	Prices Oct. 12 1975	Change on the week	Company	Prices Oct. 12 1975	Change on the week
			Investment Companies		
Banking, Insurance and Finance			Bank Leumi Invest.	181	+10.5
			Discount Bank Invest Br.	258	+17.5
Bank Leumi Le Israel	211.5	−5.0	'CLAL' Israel Invest.	217	+1.0
I.D.B. Bankholding	224	+6.0	'CLAL' Industries	136	−1.5
Bank Hapoalim Br.	233	+5.0			
Union Bank of Israel Br.	254	+2.0	Commercial and Industrial		
United Mizrachi Bank	163.5	+7.5			
Hassneh Insurance Br.	240	+1.0	Alliance Tire & Rubber	620	+20.0
Wolfson Clore Mayer Br.	107.5	−4.5	Elco Br.	320	+65.0
General Mtge. Bank Br.	215	+15.5	Argaman Textile Br.	346	+3.0
'Tefahot' Israel Mort. Bank B	252.5	−21.0	'Ata' Textile 'B'	128	−5.0
			Dubek Br.	575	−5.0
			Elec. Wire & Cable Br.	155	+5.0
			Solel Boneh 10% Pref. Br.	152.5	−1.5
			American Israeli Paper Mills	580	+19.0
			Assis	215	−27.0
Land Development			Taal Manuf. of Plywood Br.	135.5	−0.5
Africa Israel Invest. I£10	295	+31	Elite	304	−2.0
Israel Land Devel Br.	122.5	−1.5	Polygon	150.5	−1.5
Property and Building	224	+19.0			
Mehadrin	260	+26.0			
Public Utility			Fuel and Oil		
Israel Electric Corp	242	—	Delek	190.5	−7.5

Source: Bank Leumi Le Israel, Tel Aviv.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—101⅛% (103⅛%).

NEW YORK

1975 High	1975 Low	Stock	Oct. 10
9	3¼	Addressograph	7⅛
[illegible]	[illegible]	[illegible]	[illegible]

1975 High	1975 Low	Stock	Oct. 10
55	28⅞	Corning Glass	48⅝
49⅝	32⅝	CPC Int'nation'l	41½
52⅝	26⅛	Crane	45¼
26	14⅛	Crocker Nat. C.P.	18¾
[illegible]	[illegible]	[illegible]	[illegible]

1975 High	1975 Low	Stock	Oct. 10
26¾	19	Johns Manville	20
99	72¼	Johnson Johnson	85½
15⅝	8	Johnson Control	11¼
89	42¾	Joy Manufactur'g	71
[illegible]	[illegible]	[illegible]	[illegible]

1975 High	1975 Low	Stock	Oct. 10
21	10⅝	RCA	18⅞
3½	1¼	Reading	1¾
35¼	23⅝	Republic Steel	29½
80½	52½	Revlon	72⅝
[illegible]	[illegible]	[illegible]	[illegible]

1975 High	1975 Low	Stock	Oct. 10
28⅝	10	Zenith Radio	22
185¾	79⅝	Chile 5% 1936	83¼
95⅛	95	Peru 5% 1936	19 ⅛
100.05	99	U.S. Treas. 5% 1974	100.00
[illegible]	[illegible]	[illegible]	[illegible]

CANADA

[illegible]

JOHANNESBURG

MINES

October 9	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or −
[illegible]	[illegible]	[illegible]

CANADIAN WEEKLY LIST

Stock	Oct. 10	Oct. 3
[illegible]	[illegible]	[illegible]

GERMANY ●

Oct. 10	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	78.0	−0.2	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Oct. 10	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ●

Oct. 10	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Oct. 10	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Oct. 10	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS

Oct. 10	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO †

Oct. 11	Prices Yen	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities Tokyo

OSLO ●

Oct. 10	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

	Oct. 10	Aust. $
[illegible]	[illegible]	[illegible]

SINGAPORE

	$	Oct. 10
[illegible]	[illegible]	[illegible]

CORAL INDEX Close 336-341

I.G. INDEX GOLD 140-142

AMSTERDAM

Oct. 10	Price Fls.	+ or −
[illegible]	[illegible]	[illegible]

COPENHAGEN

Oct. 10	Price Kroner	+ or −
[illegible]	[illegible]	[illegible]

VIENNA

Oct. 10	Price %	+ or −
[illegible]	[illegible]	[illegible]

SPAIN ♥

October 10	Per cent
[illegible]	[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are shown after withholding tax. [illegible]

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هكذا من الأصل

FINANCIAL TIMES SURVEY
Monday, October 13 1975

City of London Property

The violent swings in the property market over the last three years have introduced an element of uncertainty for everyone who works in the City of London. The structure of employment may change, tenants have had to face big increases in costs, and landlords have been hit by falling values.

lajor orries l ound

…YONE WHO works in the … of London is affected by … is happening now in its …rty market. While pre… rises, and occasional falls … value attached to a City … have left most of the …0 working population un…ed—their companies occu… freehold premises, or hav…ing leases with infrequent …eviews—the violent swings … last three years and un…nty about the future make …resent position quite dif…t.

… appearance … develop… expectations of the boom …ontinue to change the look … place for three years to … in the process providing …nter offices for many …ands, but continuing the …e of some amenities such …all shops, specialist pro…nal firms, cafes, etc. In … of existing tenants, a … proportion of whom than before have rent reviews …g up, the levels set will … whether there will be major changes in the type of companies which decide they need a large City presence. In terms of new tenants, the City's role as a financial centre may be tested, because its accommodation costs are already very much greater than any other such centre. And landlords, be they companies or funds, are faced with an uncertain value on what they have always considered the jewels of their portfolios.

It is a curious situation in that on one has benefited from it. True, some businessas which have weathered the recession are able to take new space much more cheaply than they forecast. The major American banks, with Chase Manhattan looking for a new headquarters building for its North European Division, and the Bank of America already taking the old Gateway House at little more than £12.50 per square foot, are beneficiaries of the decline in rental levels. It is also significant that three of the biggest chartered accountants, busier than ever in servicing the troubles of British industry and commerce, have continued with their plans. Deloitte's taking Slater Walker space at Petersbill House, Peat Marwick in the Blackfriars Station development and Price Waterhouse by London Bridge Station. Cork Gully will also take up what cynics may see as a symbolic position right next door to the City's headquarters in the old Guildhall solicitor's premises.

But these are exceptions. Most tenants are faced with a rates explosion which is already biting and the fear that rents will, with the cessation of new developments, take on another 1973 spiral should the economy recover. This spiral in new space prices and new lease rental levels could carry up the cost of second-rate offices when the rent reviews come round or leases expire.

Decline

Most landlords are faced with increasing amounts of unlet space: with rent expectations reduced and the future so uncertain as to make decisions on improving properties, yet alone redevelopment, very hard: and, through a combination of rent falls and field rises, with a drastic decline in asset values.

Having taken prime upper floor space in the second half of 1973 or beginning of 1974, a company may now face an accommodation bill per employee—taking 100 sq. ft. per head as a normal requirement—of £3,200 each year. Only rich companies were willing takers of space in that market, and they could buy cheaper now: the equivalent cost, including rents, rates and service charges, would be around £2,500. But such an uncertain market tends, with the City's confined perimeter, to affect all qualities of accommodation more immediately than elsewhere. With the total rates bill from City offices having gone up by a factor of five in six years, rates are both a new burden and an almost totally unpredictable one There cannot, for the general health of the City, be two jokers in the accommodation cost pack: what is badly needed is some stability, or at least predictability, in the level of rents.

Briefly, what has happened to City property prices in the last four years is this, during 1971 and 1972, while rents were stable, the investment yields on which buyers were prepared to work dropped from 7 or 8 per cent. down to little more than 4 per cent. The years 1973 and 1974 saw the explosion of rents, with gains of up to 80 per cent. With most of the City's markets at a peak of profitability, there was a shortage of space. The Commercial Union and P & O buildings, though they were not in the City's traditional best locations close to the Bank of England, were let at over £20 per sq. ft., being the only large new units of the best standard of accommodation on the market. The famous fancy rents of over £30 per sq. ft. for central banking halls were paid. In some cases aided by developers rehousing tenants without too much thought to cost, assumptions of a firm City level of around £25 for prime upper floor space seemed reasonable.

The most dramatic example of these assumptions is the revaluation (though it never went into its accounts) of the portfolio of Britain's biggest property company, Land Securities, with its fortunes based on City property. Its valuers suggested a 28 per cent. increase in values between the spring and autumn of 1973. By the following March the 28 per cent. was dropped and in March, 1975 the values were written down by a quarter.

From traditionally holding a premium yield rating over all other property sectors, the City has now fallen behind the level for the best suburban locations, the present yield level being around 7½ per cent. This, coupled with diminishing rent levels, produced a dramatic fall.

The change is conveniently shown in the valuations, for flotation purposes, done on the Corn Exchange Company's properties in Mark Lane. At December, 1973, at the top of the property cycle which followed six months after the Stock Market peak, a Corn Exchange property valuation produced £18m. (there was also an earlier assessment which added to this £3.25m. of "latent development value"). But on existing use, this £18m. was reduced to £9.2m. within a year, with a further reduction to £7m. in July, 1975. Broadly, the first part of that fall represents the change in yield, the second the fall in rents.

Uncertain

The fall in City rents cannot be charted as neatly as, for instance, the Stock Market's movements. There were so few deals done between mid-1974 and the spring of this year that no property index can reflect the nadir of the Christmas, 1974 crisis. Equally, this hiatus means that there is no equivalent recovery pattern to the Stock Market's January-March jump. In City property, it was simply that activity resumed.

But within a general City pattern which has reduced prime rents from a £22 to £25 per sq. ft. peak to an uncertain level around £18 on the resumption of lettings down to a very wide band for negotiating between £13 and £17 now, there is every sort of wrinkle. Location is vital, perhaps the best example now (where it might have been distance from the Bank of England before) being in the "Lloyd's Triangle." In these three streets, small suites of underwriting offices are still commanding over £20 per sq. ft. even over £25 per sq. ft. because certain buildings are particularly desirable for picking up the highest margin, most risky business when the brokers come out. Around the Baltic and commodity exchanges, where deals are done within the main buildings, such proximity is not important. People will walk a bit further and find offices at under £10 per sq. ft.

This willingness to move further from the centre is also seen in the decisions by large staff employers such as Chemical Bank, which took the Strand, Wing of Arundel Great Court at around £13 per sq. ft. Whether such a rent is cheap enough, however, may be tested. There is now an unusually close proximity, in asking rents at least, between central City locations and those on some fringes, notably to the west. Fetter Lane, a largely unlet street, is an example of an area where rent expectations may have gone too high on the basis of one good letting (at Monotype House), while to the East side of the City Amalgamated House, the old PLA building above the Tower where £16 per sq. ft. was turned down in better days, will test levels when it finds a tenant in another area where one high-priced letting, of the old Toc H building modernised by Compass Securities and let to Mellon Bank NA, may have given a false impression of how much of a "City premium" the area commands.

Fringe

These levels in fringe areas will be much influenced by what happens in the centre of the City. To take two key buildings now on the market, there is the Stock Exchange tower and 99 Bishopsgate, the Berkeley Hambro building where the top 11 floors are now for letting. Where last week's Minster Insurance investment deal and Stewart Wrightson letting indicate a £12 per square foot standard for large units, these two will set the trend for the best smaller suites.

The Stock Exchange, anxious to dispel an impression that its building is intended for brokers and jobbers only, has widely advertised an asking rent of £13.50 per square foot on 30,000 square feet which can be split up into most desirable permutations. It is in a more prestigious location than the Bishopsgate building, but perhaps suffers from the anonymity a tenant might feel if he is not connected with the market. Its advantages includes superb communications.

But this asking price contrasts starkly with the £17.65 per square foot asking price on Bishopsgate, a street which until recently would not be considered prime, but has a growing banking presence. The arguments for No. 99 (again, and it is a sign of the times, splittable in many unit sizes) include the quality of the structure, and the fact that this is probably the last brand new tower block available for many years.

One of the prices must surely be false. The arguments against the high one include the impression that tenants will hold off taking space until the economic outlook (many clients being as much influenced by the international as the national trend) is clearer. By that time it would seem there will be even more space, as continuing developments are finished, overhanging the market than the current figure of around 3.5m. square feet. A leading agent, Richard Ellis, has forecast that there could be over 5m. square feet, that is a tenth of the City's total office accommodation, on the market in 1977 before demand, and absence of new space, cuts down the figure quite quickly. So the Bishopsgate rent may demand a tenant who, in the interests of quality, is prepared to take a fairly long-term view of costs.

Should both prices prove too high, then in money terms City rents will be dropping below the level of the end of 1972, before the rent spiral started. That, given inflation since, particularly in construction costs, is perhaps as dangerous a dip downwards. The premium City property commands is the premium London holds as an international financial centre. Such low rents would be a reflection of a deep decline.

Quentin Guirdham
Property Correspondent

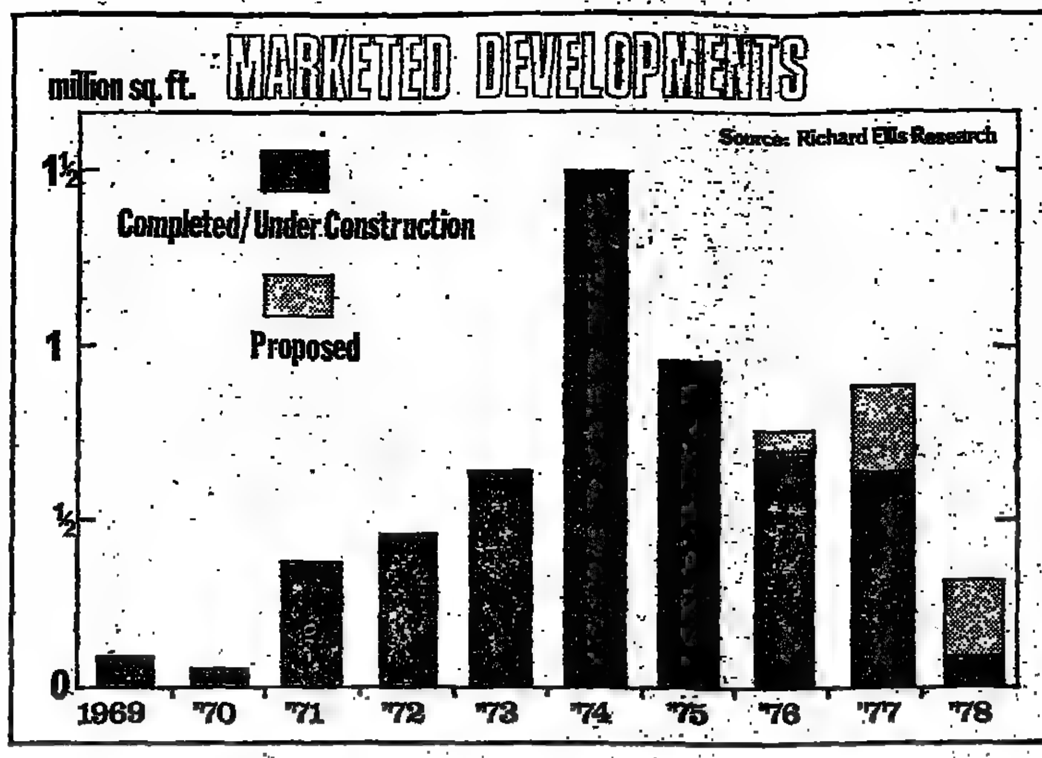
CITY OF LONDON PROPERTY II

Development downturn

IT STILL looks as if the City is full of new development activity. A walk down Bishopsgate starts with the building site for a Barings, Banque Belge, Anthony Gibbs block, and across the road is the slow-rising platform of what will be the City's tallest building, 600 feet, 38 office floors and 636,000 square feet in the National Westminster's tower. On the same side there is finishing work on No. 55's old facade and No. 99's 350-foot tower. Opposite is the Great Portland Street development, just let, and beyond that the smaller new Bishop's House. Over the road, across the churchyard, there is Trafalgar House's Wormwood Street-Old Broad Street being built and to the right Land Securities' brown Dashwood House, recently completed and let to Barclays Bank International. At the end is Liverpool Street Station and the Great Eastern Hotel, both due to go in the biggest development of all.

The appearance is deceptive. New development plans in the private sector are minimal. The *building out of existing schemes* will take until 1978. After that, with doubts over even the public schemes like Liverpool Street, it is possible there will follow the longest period in recent history when the City's skyline goes unchanged.

The stages in this closing down of development schemes can be seen in the graph by agents Richard Ellis. With an element of schemes only proposed, not yet started, in the latter years, their estimates of development space completion dates run from last year's 1½m. square feet to this year's 950,000 square feet, 1976's 750,000 square feet, 1977's 850,000 square feet and 1978's 300,000 square feet.



Difficulties with planning permission, later reinforced by Community Land Bill and Development Land Tax considerations were the reasons for the fall off in future development plans. To these are now added basic financial considerations while demand in the City remains uncertain.

But evidence of two companies still trying to get major schemes off the ground cropped up last month when Wingate Investments finally got detailed planning permission for a 200,000 square foot office development, plus low-cost housing, at Aldgate on the fringe of the City. This should be completed by 1978, with Wingate, British Rail and London Transport hoping that by then the dearth of other development space on the market will add to its appeal.

Also Whitbread, in association with Trafalgar House, made a last-ditch effort to get through *planning permission on Chiswell* Street site, something it has been trying to do for six years. Much reduced in speculative office content, Whitbread has to get the scheme approved and *started before the end of the* year. Otherwise its profit, which it hopes to use in brewery construction in South Wales, will largely disappear in Development Land Tax.

Exemptions

The chances of Whitbread *getting consent in record time* look marginal, so that it is possible it will instead develop *more brewing space in the City*, a curious result of planning policy given the transport problems. If so, Wingate's three-block scheme will prove the "last of the big ones" before developers, or whatever new breed of development consortia emerge, come to terms with the Community Land Scheme. Even when *they do*, there seems no reason why the GLC's stipulated policy on central London offices should change quickly, and the exemptions on its ban which might be applicable to City developments look few.

Meanwhile, the development space being completed before 1978, though down toward the 1973 level rather than last year's peak completions, is probably *enough in a slack market*, with a rising amount of total space available, to hold back any great rent expectations on them.

So the profitability of some of the new schemes will hang in the balance as marketing starts. Among the bigger projects due to finish next y[ear] are at Nos. 5-11 Fetter L[ane] and at Holborn Viaduct to east, and more centrally 144,000 square feet on corner of Wormwood St and Old Broad Street. In 1[977] the Customs House, Old [...] Exchange and Nos. 116 Cannon Street developm[ent] will be finished, with A[...] Court perhaps in the follo[wing] year.

To go two years further [for]ward, to 1980, is probably first likely date for a st[art] work on the new Liver[pool] Street Station. As was [...] able with a scheme of this [...] Mr. Crosland has called in plans to make the deci[sion] himself after a public inq[uiry]. There was also the little [...] that two bays of "train s[heds]" spanning the western sid[e of] the station, and the G[...] offices flanking the ramp [are] Grade II listed buildings.

The magnitude of the sch[eme] particularly if the Nat[...] Tower has since freed [...] space in the City (the ba[nk is] currently reviewing its f[...] space requirements) means these two developments [...] could prove an active dis[cour]agement to other plans.

Apart from the 22 new forms (bringing in the pr[...] Broad Street services as [...] the new shops, 300-bed hotel (including the pres[ent] Abercorn Rooms) and muc[h be]sides, the proposals at pr[esent] are for 840,000 sq. ft. of o[...] Ten years is reckoned fo[r the] construction period.

All this, given the cou[ncil] and British Rail's fin[ances] seems a remote possi[bility]. Whether we have the sto[mach] even granted the money, such adventures will be a[n in]teresting test of political [atti]tude toward all develop[ment] public or private.

Quentin Guird[ham]

The effects of planning

BACK IN the heady days of the late 1960s when planning was last in vogue and Mr. Anthony Crosland was Secretary of State for Local Government and Regional Planning, the Greater London Council brought forth a Greater London Development Plan and in it, the Government told the GLC, a statement should be made on the Council's general policy for employment *in the Greater London area*. After much thought, the GLC decided that its employment *policy aims should include* an attempt to match the future supply and demand for labour, not only over the area as a whole but also in each sector or group of boroughs: second, an attempt to arrest the overall decline in employment in the Greater London area; and, third, an attempt to bring about *a reduction in congestion in* central London by aiming to get at least half of all London's jobs located in outer London by the 1980s.

The Council explained in the *Development Plan that it would* achieve these aims by making use of existing planning controls. The grant or refusal of planning permissions would in future be used to encourage the growth of office and other employment in certain specified locations and to restrict new development elsewhere. Further*more, economic as well as* environmental criteria would be incorporated into the planning approval procedure *so as* to ensure that only those activities which would make "the best contribution to the national product" were favoured with planning approval in the preferred areas.

At the same time, if the total volume of employment in greater London was to be stabilised at about 4.1m., of which 1.6m. would be office employment, then some 29m. square feet of new office development and 14m. square feet of new industrial employ*ment would have to be* approved, erected and occupied in Greater London between 1972 and 1976. Accordingly, the GLC set out in the Development Plan how this extra floorspace was to be allocated sector by sector and, in notional terms at least, borough by borough. Of the 29m. square feet total additional office space, for example, only 12m. would be permitted in Central London and *of that perhaps about* 3½m. square feet would be in the City.

Objectors

These ambitions got a severe drubbing at the GLDP inquiry which was set up by Mr. Crosland in 1970, not least from the City of London Corporation. Indeed, so great was the impact of the City's argument, particularly on the question of "selectivity"—the GLC's idea of issuing planning permissions in *accordance with economic* criteria—that the GLC itself decided to drop this part of its proposals while the Inquiry was still sitting. But that was not all. Acknowledging that its views had been influenced at least in part by what the City and other objectors had said, the Panel went on to strike out all the GLC's other ambitious employment policy proposals.

The Panel thought that the idea of using floorspace controls to match the supply and demand for labour was unworkable, and the notion of reducing the decline in total employment undesirable. Planning approval, the Panel said in its report, should be based upon environmental considerations alone and *the GLC should content itself* with more limited and more realisable employment policy aims. An upper-tier planning authority such as the GLC should certainly endeavour to encourage new employment in specific locations but not by using negative controls elsewhere as these were not only arbitrary but also ineffective. The GLC should certainly seek to rehabilitate worn-out *industrial areas* and remove non-conforming industry. But, as for the labour market as such, it should concentrate on watching out for and trying to help ease medium-term structural imbalances between supply and demand.

The Panel delivered its report at the end of 1972 and the *mills of ministerial decision*-making are now approaching the point where the Minister's ver*dict on the GLC's development* plan and the Panel's recommendations will soon be ground out. In other words, it will shortly fall to Mr. Anthony Crosland—as Secretary of State for the Environment in another Government some six years after the GLC had originally submitted the Greater London Development Plan to him—to say what he thinks of it all. Clearly, his conclusions will be of some considerable importance for the future scope and pace of property development in the City.

To be fair, the GLC laboured under some serious handicaps when it attempted to put together its employment policies in the late 1960's. The Council *had been* established for only a few years. There was a dearth of reliable knowledge about employment trends in Greater London. Indeed, the section on employment in the GLDP was written at a time of acute manpower shortage and it was only during the Inquiry that the trend towards an excess of demand for jobs over-supply became apparent (not that this deterred the GLC from claiming that *it* could stem the loss of jobs through floorspace controls just as easily as it had previously intended to use floorspace controls to ration the total volume of new development).

The GLDP was intended to be the prototype of the new breed of structure plans but the theory *of structure plans* was still being evolved when the GLDP was being written. The first set of official *guidelines* on structure plans was issued barely 12 months before the GLDP was completed and the full authoritative version did not appear until the Inquiry had already begun sitting.

Above all, perhaps, the regulations which the Government had issued in 1966 and 1968 required the GLC to elaborate its statement of general policy on employment with "a statement of that policy as applied to the individual London boroughs, to the City of London and to the Temples or areas thereof, indicating in particular where the growth of offices, industry and commerce should be restricted and where it should be encouraged, and the volume of employment proposed." (Such were the thoughts on what could be achieved *by planning in those* far-off days.) The GLC was thus forced to stretch the aims of policy *further than it itself had* thought either desirable or practical.

The Panel accepted that part of the blame should be put on the Government for issuing such unrealistic regulations. Even so, it still thought that the GLC itself was too ambitious and it will be interesting to see what Mr. Crosland makes of the Panel's counter-arguments. The Panel pointed out not only that there was not enough reliable information about the future trend of labour d[emand] and supply, especially se[ctor by] sector, but that the pow[er of a] planning authority to inf[luence] the decisions of counties [indi]vidual employers and emp[loyees] was extremely limited. F[or] lack of any other weapo[n, the] *GLC proposed using its c*[ontrol] over new floorspace. Bu[t this] was a highly arbitrary a[nd dis]criminatory weapon—un[avoid]ably so the Panel though[t as it] would be impossible fo[r a] local authority to find g[rounds] for "selecting between [appli]cants in a manner both [fair to] them and conducive [to the] national interest." Mo[reover] there was no clear rela[tionship] between volume of flo[orspace] and volume of employm[ent] with some 200m. squar[e feet or] more of office floor[space in] *existence already in* [Greater] London, the regula[tion of] planning approvals for 2½m. to 3m. square feet [of] floorspace a year is [un]likely to bring about a dramatic difference as to the concept of control cr[...]

Liberally

Because of this and b[...] the main wave of po[st-war] reconstruction was now [...] over in central London [the] Panel went on to propos[e that] the Government's own [Office] Development Permit s[ystem] should also be abandoned ODP system was intro[duced] barely 11 years ago, it ha[s been] administered with consid[erable] inconsistency — permits [have] been tightly restricted [in] some periods and g[ranted] liberally during others—[and] now operates only in [...] and the south-east. The [Panel] thought that, instead of ne[gative] *planning controls*, greate[r use] should be made of the mechanism by devising [a] system of taxes or c[...] which would raise the cost [to] employers, new and existi[ng,] being in central London [to a] level which equates p[rivate] costs with "social costs." The Panel acknowledge[d that] such a system would take [time] to develop. But firms a[lready] in Central London, and p[articu]larly in the City, would [doubt]less argue that the burden of local rates already be achieving the result. The 1973 reval[uation] of rateable values raise[d the] City's share of the agg[regate] rateable value in G[reater] London from 7½ per cent. [...] per cent. Since then the share of the total G[reater] London rate call has risen 7¾ *per cent. to over* 13 [per] cent. while in money ter[ms it] more than doubled in two [...]

Colin J[...]

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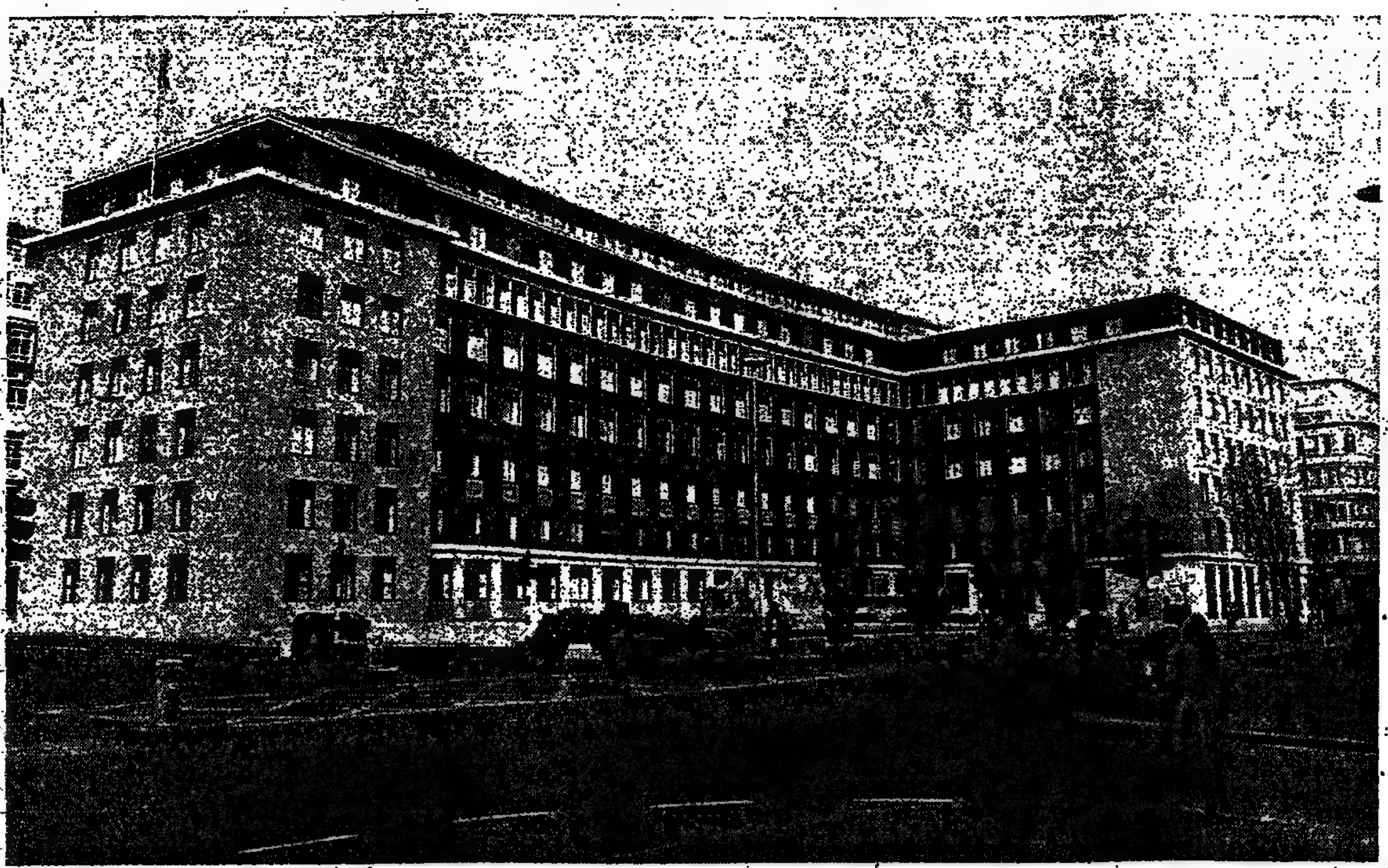


...e old Wiggins Teape headquarters, Gateway House, on Cannon Street, bought by the Imperial Group Pension Funds in 1972 and let to the Bank of America last month. Falling rents have changed the Imps' yield calculations.

Investment trends

...E INVESTMENT values ... City of London have ...ted sharply over the past ...r four years as a result ...or changes in both rents ...elds. The most striking ...ell-known examples are ...nge in value both of Land ...ies' portfolio (in 1973 ...bsequently) and of the ...xchange building (as dis... in an accompanying .... But the factors behind ...amatic change are more ...x than might at first ... as is the current state ... City investment market.

...s are, of course, depen... a considerable extent ...ntal assumptions. But ... the two factors have ...ly been having a similar ... on values at any par... time, the major changes ... have often not occurred ... same time in the City ...e past few years. Thus ...ring 1971 to late autumn ... when rents for prime ... City space were stable, ...est rising only modestly, ...were falling sharply from ... to 7 per cent. range to ...nder 5 per cent., with ... of around 4 per cent. ... quoted for a very few ...n this period. Over the ...ng year, although yields ...ted because of the intro... of business rent control, ...ded up roughly the same ...mber, 1973, as 12 months ... But in the same period ...ad risen by a third at ...ast. The impact was seen in the jump of 28 per cent. in the value of Land Securities' portfolio in seven months of 1973.

In contrast, during most of 1974 when the market was turning down, the main factor was a sharp rise in investment yields from 4 to 4½ per cent. up to 8 per cent., or more. At the same time, rents were more or less unchanged and did not really begin to drop until the late summer: their subsequent weakness explains most of the fall in values over the past 12 months despite a slight rise in yields.

Yields

The fact that both rents and yields have fluctuated much more sharply over the past four years than in other sections of the property market is explained both by the long-standing popularity of City property and the specific pressures of the last decade. The City has always been the pinnacle of the property market — one of the oldest property groups, City of London Real (now part of Land Securities) has concentrated almost solely there. But the tight controls on office building introduced in the mid-1960s and subsequent acute shortage of space, especially in 1972-73 greatly enhanced these attractions by pushing up rent to previously undreamt-of levels.

These very controls on development restricted the number of investment opportunities, which coupled with the natural reluctance of existing free-holders and long lease-holders to sell made any offer of a property a special event, attracting intense competition —especially in view of the greatly increased amount of money available for acquisitions from the late 1960s onwards. This was reflected at a number of tenders during 1972 and 1973 —possibly the best known being those for Gateway and Piercey Houses—in each case on lowish yields on what seemed even then to be rather optimistic rental assumptions. In fact, the number of deals actually agreed in the City was relatively small and some institutions, such as certain life companies effectively kept out of the market for much of the period. Many of the acquisitions, particularly on the fringes of the City, were development or refurbishment projects for property companies rather than pure investment deals.

The market then turned sharply downwards in December 1973 as the sharp rise in interest rates, the secondary banking crisis and uncertainties created by the development gains tax proposals eliminated most of the demand almost overnight. At the same time, there was a big increase in the actual or potential supply with many of the fringe City development projects being offered for sale, and also some investments in the central areas being in effect available at the "right" price, though vendors did not necessarily adjust their values as quickly as potential purchasers. Any indication of the weakness of the market, especially for reversionary investments, was the failure early last year of the attempted offer for sale by Land Securities of two large buildings near Lloyd's.

But there was not a complete absence of activity even in the first half of last year and some prime buildings were sold. By far the largest deal was the two part sale of an 80 per cent. interest in the Commercial Union head office building at St. Helen's Undershaft for nearly £67m. Negotiations for the sale to a consortium had begun before the property market turned down on a yield basis of about 5 per cent., but were completed in late April, 1974 at a rate of about 6 per cent.

The first part of the deal involved the British Rail and Post Office pension funds, both major property purchasers, and the pension side of the Legal and General: the Abbey property bond having withdrawn from negotiations. This deal showed that major investors were still prepared to buy quality property in the City even if at higher rates than before. The second part of the deal (at a higher yield) came that summer when the Abu Dhabi Investment Board bought a £36m. interest in the block in one of the largest investment sales ever in the U.K. Another indication of yield levels during the summer was the disposal of Britannia House at a net rate of about 6.5 per cent.

Otherwise, those deals which were agreed in the City last year tended to involve special interests—for example, the purchase by the National Westminster Bank of the old Lazard building, adjoining its own property, or the sale by Town and City property of the offices over Cannon Street station to Lloyds Bank, the main occupier. It is difficult to talk with much certainty about yield levels during this period because of the relatively small numbers of deals agreed, and anyway the rate was continually changing. By the autumn, the national prime rate had crept up to the 7 per cent. level and probably reached a peak of 8 per cent. or more in December as increasing doubts developed about the level of rents.

Letting

The downturn in the letting market first occurred during the late summer but then the increasing supply of space and weakening in rents became steadily more apparent throughout the autumn. The fall-off in rents was most marked in the central City area and the contrast between this and the strength in outer London and the suburbs led to a growing discussion about the relative rating of City investments.

By the end of last year, the traditional premium which the City had enjoyed over the rest of the office market had disappeared, and agents were talking of a prime rate a quarter to a half point lower for prime blocks in the London suburbs and certain Home Counties' towns than in the City. This distinction has persisted this year with the further evidence of the fall in rents to 30 per cent. or more below their peak end-1973 levels.

The investment market started to recover following the announcement last December that rent controls would end this spring: the sharp fall in interest rates in the early months of this year reinforced the revival in institutional demand as a rate of 8 per cent. for a good quality property no longer looked quite as anomalous as it might have done when the return on equities was in the teens. But demand was at first concentrated on relatively small buildings outside central London up to the £2m. to £3m. range, and few deals were agreed in the City until later in the spring.

Differential

But as the rent differential with the suburbs has narrowed and the rental pattern within the City has become slightly clearer, investors have been more willing to consider top-quality City investments. So if the rate for suburban offices is below 7 per cent., investors will buy the right kind of City investments for 7½ per cent. or so, and these figures have more substance than the notional figures of the discussions in a vacuum of a year ago. It is also partly a matter of scale: six months ago few institutions were willing to go much above £2m. to £3m., which ruled out many City investments. But now the acceptable maximum seems to have shifted upwards to £5m. or £6m.

The criteria are still very strict—ruling out fringe City properties — and concentrating only on the top locations. A key factor is, of course, the date when the rent was agreed and investors are treating sceptically lettings agreed during 1972-73, and applying a discount to the rent above the current market level, though as the sale last week of Minster House for £8.3m. at a 8.5 per cent. yield showed, a discount is being applied to buildings of anything over this size.

The number of deals has still been fairly small as the number of suitable properties has been limited. The shake-out during 1974 and the first half of this year certainly increased the potential supply, though not always of saleable properties. But in the last three or four months the balance of negotiating strength has shifted somewhat as the easing of the liquidity pressures of certain companies has meant that some are no longer possible vendors.

On the other side, the main purchasers are still the insurance companies, and some of the life companies previously out of the market are now believed to be more interested in the right kind of acquisition. Few pension funds are of the size for most City deals but the nationalised industry pension funds are still very much in the market. The Middle Eastern interest has, however, been limited, apart from the Abu Dhabi deal and certain Kuwaiti purchases (including, of course, St. Martins Property Corporation with its own sizeable City portfolio).

It is very difficult to make any sensible forecasts about the investment scene in the City because of uncertainties both about monetary policy and the level of interest rates, and the impact of the recession on demand and rents. A sharp recovery in values is hard to envisage over the next 12 to 18 months but any evidence of a stabilisation or pick-up in rents could lead to an increase in investment demand and the re-emergence of the City's traditional premium rating.

Peter Riddell

Architects' pot-pourri

IN VOLUME 1 of Pevsner's "London," revised to 1973, there are observations on over 200 buildings erected in the City since 1945. The new buildings in the Barbican area and St. Paul's north precinct are not separately listed and if we allow about 20 for these and add all which have been built during 1973, 1974 and 1975, the figure cannot be far short of 250.

The figure is not by any means solely accounted for by rebuilding on bombed sites as there has been much other demolition and reconstruction. Substantial building and re-building within the Square Mile can scarcely have ceased, in fact, at any time during London's history, and since the end of the 18th century the City must have been almost completely rebuilt about every 50 years, excepting only those monuments to its past such as the cathedral, the churches and major public buildings.

One pecularity stands out in all this fever of physical and upward expansion: the City does not change in the essence of its atmosphere. The [illegible] and never-ending development means that the life-span of the building overlaps the [illegible] older neighbours. [illegible]tinuity, with the ever-present historical landmarks provide the visible commercial and spiritual links with both past and future.

The present urge for conservation illustrates the point as the attention of authorities turns toward the preservation of individual buildings and groups and of whole areas, such as the huddle of small streets and courts between Ludgate Hill and Queen Victoria Street and the little shops and eating places in Bow Lane. This move is welcome in that it can help to preserve in an even wider context the atmosphere that has been reasonably consistent over many centuries and can, at the present low architectural level of development for development's sake, allow a thread of environmental continuity to remain and thus continue to bind the past with the present.

Since the surge of rebuilding and redevelopment of the sixties the last two or three years has only seen some 15 new buildings completed, although a far greater number has already been started. Of the completions, during this relatively short period, it is of interest not only to mention some of the more significant but also to view the effect on their surroundings.

At the extreme western end of Tudor Street a pub that used to be known as the Feathers has been entirely rebuilt and is now called the Witness Box. It adjoins a gateway to the Temple and is on a corner site. A very clear and simple elevation uses light coloured panels of concrete with the windows set in well detailed aluminium frames. The whole is so modest and the corner entry so discreet as to be almost unnoticeable; nevertheless, a distinguished reticence. The clientele must obviously be very regular and club-like.

Across Fleet Street in Red Lion Court there is a much more enclosed atmosphere, this being one of the ancient courts of the City although nothing of any importance remains of the original buildings. Yet it still retains considerable character and the newcomer, No. 9, does its best to accommodate itself by restricting the height to four storeys, with three horizontal bands of windows to the upper floors. The wall surface is clad with smooth brown tiles and the elevation is stopped at each end by a vertical strip of red brickwork which is also continued across the frontage of the ground floor. There is thus some deference paid to the assorted but mainly domestic buildings forming the rest of the Court.

Gimmicky

In Cursitor Street, off Chancery Lane, a gimmicky building has been put up on the south side comprising a long elevation in three storeys in which the windows are set in a red tinted concrete wall of powerful segmental arches like heavy eyebrows. The ground floor is deeply inset flights of steps with dark brick walls leading up to each entrance; an unnecessarily heavy treatment for its situation.

In Newgate Street, on the south side at the street's western end is a distinguished building of seven storeys on a narrow frontage. The top five storeys of the elevation are composed in five close-set projecting bays of clear glass windows. Window blinds are of white vertical linen strips and the aprons below the windows are of black marble. The first floor windows are on the same plane as the wall, thus being set back under the projections above, and the ground floor has simply treated shop fronts with deep projecting hoods over the three central bays; good street architecture.

On the other hand a bank building in Watling Street, No. 30/32, exhibits a wholly characterless neo-Georgian design which will sink into well deserved obscurity.

The Stock Exchange building is too well known to need any description, with its powerful tower dominating far more than its immediate surroundings and waiting to be dominated in turn by the 600-footer now being erected to the east of it in Bishopsgate.

Down the Minories, in nearby Pepys Street there now stands a powerful building with aggressively heavy features consisting of deep-set round-angled windows in solid concrete. There seems no reason for the over stressed elevations which, in spite of the emphatic mouldings, achieve no character. Another unnecessarily aggressive building is to be found at 112-128 Moorgate where there is no attempt to enhance an already nondescript environment.

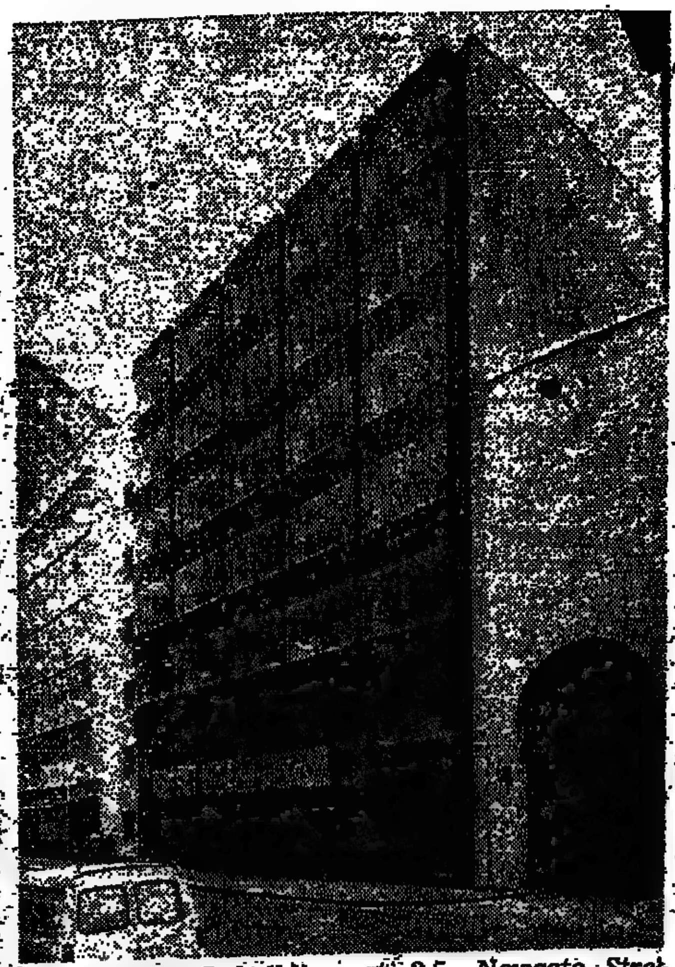
An intriguing corner site at the meeting of Lime Street and Cullum Street has received very special treatment in which the odd angularities of the site have been fully exploited in dark glass and black metal wall cladding. The all black building is in seven storeys, the two topmost being set back, with the main elevation being designed with a deeply undercut two storey front athwart the street corner. Black and sombre as it is, the clever handling of the elevations and the clean and unobtrusive detailing give this building great distinction.

Elegant

A crisp essay on another corner site can be found at 36/38 Leadenhall Street. Here the corner is a plain right angle and on it stands a building of nine storeys. The walls are faced with a pale cream marble laid with the grain vertical. The dark glazing of the windows is flush with the wall surface in elegant narrow bronze frames. Corner windows turn the angle with the sharpness of a knife. This building is nearly opposite the best post war building group in the whole of the square mile: the Commercial Union tower and the lower P and O beside it. The two form two sides of an open square with plane trees approached down steps from Leadenhall Street and St. Mary Axe. No other group of buildings has exploited the site so impressively to the great benefit of the City environment, and although not really within the terms of this article it is impossible to pass it without appreciation of its example.

This cross section of new buildings erected during the last three years shows the bad, the good and the indifferent in about the proportions to be expected. The good are indeed very good and indicate a continuing advance in design where megalomania has been routed in favour of a quieter distinction. It seems that far greater sensitivity in the use of materials and in the detailed designing of components is making an increasing impact on serious architectural work. The influence of the architect on the design of the building components has now got through to the manufacturer, and particularly in the case of window door framing, the architec[t] now rely on an incre[asing] range of well designed pro[ducts] from which to choose; [an] encouraging situation.

H. A. N. Brock[...]
Architecture Correspo[ndent]



Distinguished building at 3-5, Newgate Stre[et]. Architects: Richard Seifert and Partners.

Rates present a growing burden

WHERE CITY rates used to account for 12-15 per cent. of a market rent, they can this year amount to more than half. From next April, assuming rent levels do not rise, the ratio will become extraordinary: on a new letting, the tenant's first year rate bill will be 75 or 80 per cent. of his rent. He is then in the arms of County Hall, but with little faith in the efficacy of local government expenditure curbs, the new tenant will be expecting his rate bill alone, ignoring that other added cost of service charges, to pass his rent bill within the second or third year of his lease.

To pay more rates than rent on rented property is common enough: many of those in the City holding leases with 10, 14 or 21 year rent reviews have long passed this point. Even the first tenants of the new Stock Exchange, who moved in in 1970, are already paying £8.11 per square foot in rates, £6.875 per net square foot. But to be faced with a first year position where rates plus service charges are little below rent, and sure to exceed it very soon, has altered all the sums on City property.

Imponderable

Where prospective tenants before took their accommodation decisions on the basis of rent, they now have to look at a total cost. Since short rent reviews became common, to make long-term plans with an uncertain future rent level has been hard enough; now rates constitute a second imponderable, and a bigger one.

The implications of this are a severe worry to the City Corporation, which as a second tier authority has little control over rates. The Committee on Invisible Exports, concerned that the City's place as an international centre is jeopardised by accommodation costs, has also joined in the lobby to Government. And landlords have had to give ground, some sharing an increased rates bill with the tenant by reducing rent.

This year (that is comparing the 1974-75 financial year with the 1975-76) total rates paid by those who live or work in the City will be £151m. against £96.7m. last time. Commercial rates account for £135.6m. and £85.8m. of these figures. What the City Corporation itself takes and spends, though it has had a sizeable increase, is a small part of the story: this year it will get £20.6m. against £14.4m. last, and it had held the figure stable the year before.

The explosion comes from the Greater London Council and Inner London Education Authority precepts. Last year the GLC took £22m., this year it is £39m.; last year ILEA had £51m., this year it is £79m. Rate Equalisation (the rich-to-poor borough transfer) accounts for £6.1m. this year against £5m. last, and the Thames Water Authority for £5.9m. against £4m.

The City has always borne a heavy rate burden, and most would say rightly, at least in the proportion it contributes with other boroughs. The money has to come from somewhere and the City is there to make profits. But the extent of the City's burden has increased. The rateable value of all property there was increased 4.7 times in the revaluations effective from April 1973, against an average of 2.4 times for the rest of London. The total rateable value of its commercial properties jumped from £37.6m. to £210.7m.

Climbed

The curve which shows the increased burden best is this one: the GLC, ILEA and Rate Equalisation Scheme income from City offices has risen from £17.5m in the year from April 1970, to £21m. in 1971, £23.7m. in 1972, £49.7m. in 1973, £73m. in 1974 and to £117.2m. in 1975.

Since the new rateable values came in, the commercial rate in the £ has climbed from 29.6p to 41.45p to 65.52p. Next year's sum is difficult to guess at. It will be the New Year before the first range-finding shots emerge from the GLC in its annual dialogue with national

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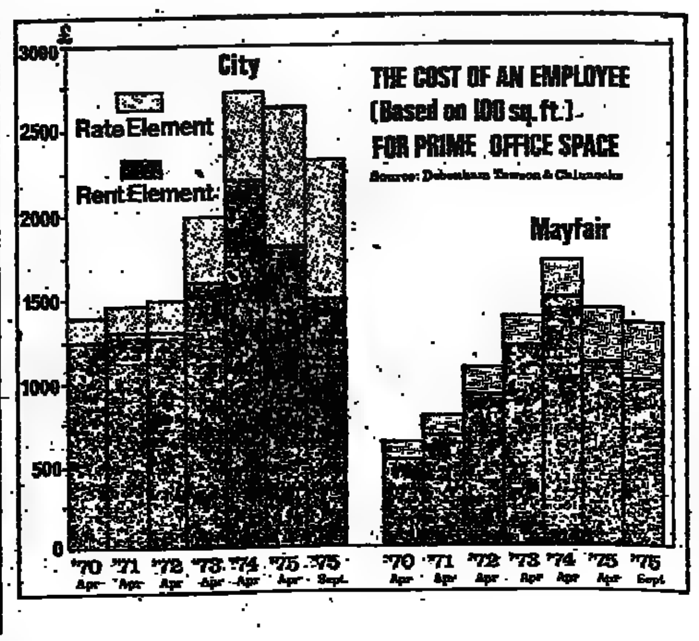


The river's new character

[...]EHENSIVE redevelop[...] supposed to be out of [...] in planning offices these [...]ng with tower blocks of [...] urban motorways, but [...] talk about all of these [...] the planning depart[...] the London boroughs. [...] only talk about them [...]te them.

[...]he stretch of riverside [...]orth bank of the Thames [...] Blackfriars Station and [...]the Dock, about one-[...]a mile long, which is [...] City planners as Re[...]nent Unit No. 47. This [...]rence to the report on [...] reconstruction in the [...]sented to the Court of [...] Council in 1947 by Dr. [...] Holden and Professor [...] (now Lord) Holford.

[...] of the other redevelop[...]its have long since been [...]ed, making good the [...] of war, when a third of [...] was destroyed, but Re[...]nent Unit No. 47 has [...]ently been razed. Now, [...]ng to rise like a phoenix [...]e bulldozer's rubble, is [...]ve new concrete world [...]e 21st century will [...]

[...] Thames Street, once a [...] service road, has now [...] a six-lane dual carriage[...] the southern perimeter [...]ity, running all the way [...] Tower of London to the [...] Embankment. Immedi[...] front of St. Paul's [...]al the road runs in a [...]under a concrete deck, [...] of which is being built [...]mmunications centre for [...] Office Corporation and [...]ity of London School for [...]

[...] premises

[...] has already started on [...]m. telecommunications [...] for which the architects [...]William Holford and [...]s and the contractors are [...]aing Construction. The [...] to be known as Bay[...]ouse, is due to be com[...] at the end of 1978, when [...] provide 426,000 square [...] offices, including new [...]s for the London Auction [...]and also a multi-storey [...] for about 400 cars.

[...]ervationists are hoping [...]hen Baynard House is [...]te, the Post Office will remember the suggestion made by the City planners in 1969 that they should remove the top three storeys of Faraday House, on the opposite side of Queen Victoria Street, which has marred views of St. Paul's Cathedral from the south ever since it was built in 1932.

The largest element in Redevelopment Unit No. 47 will be the new City of London School, an air-conditioned building for 750 boys, designed by the City's architect and planning officer, Mr. Edwin Chandler. It was estimated to cost £3.5m. to build in 1971, but that figure can probably be doubled to-day. The cost is intended to be met by the profits on the eventual redevelopment of the existing school building on the Victoria Embankment, west of Blackfriars Bridge. In 1969, Unilever was given an office development permit and conditional planning permission for 350,000 square feet of offices on the site of the school and its neighbours, the City of London School for Girls (now relocated in the Barbican) and the Guildhall School of Music and Drama (which is to be incorporated in the £15m. Barbican arts centre, now under construction), but this scheme has had to be revised following the listing of the City of London School as a building of architectural and historic interest.

The remaining site in Redevelopment Unit No. 47 is that of the Mermaid Theatre, at Puddle Dock, now cut off from the Thames by the new Blackfriars underpass. At one time there were plans to rebuild the Mermaid, to designs by Richard Seifert and Partners, and conditional planning permission was given in 1971 for a new theatre and 62,000 square feet of offices, but this idea seems to have been postponed indefinitely by Sir Bernard Miles.

Between the Mermaid and Blackfriars Bridge, the reconstruction of Blackfriars Station is now well advanced. This is being undertaken by British Rail in collaboration with King's College, Cambridge, who owned the adjacent St. Andrew's Wharf. Designed by Richard Seifert and Partners, the new station will have five floors of offices above, totalling 158,000 square feet, for which an office development permit was issued to Peat Marwick Mitchell. A few weeks ago, British Rail made a further planning application to use the land under the railway bridge as a car park for railway staff.

Immediately downstream of Redevelopment Unit No. 47 is Sunlight Wharf, where LEP Transport have so far shown no desire to redevelop, although they have an office development permit for an additional 11,576 sq. ft. of space. Then comes Lyons Wharf, where a new office building known as Sir John Lyon House (after a 16th-century Lord Mayor of London) has become the centre for the tea trade, which used to be in Plantation House. This 55,400 sq. ft. building was acquired last year by Investment and Property Holdings by a take-over of Robert Warner.

Restaurant

On the adjoining site, Broken Wharf, IPH are constructing 40,000 sq. ft. of offices, banking hall and public restaurant. Designed by Lockhart Smith and Kersey Gale, the development has been funded by the National Coal Board's pension fund and is due to be completed next summer.

The warehouse at Brooks Wharf survives, with the Samuel Pepys riverside public house on its lower floors, but the adjoining Abbey Wharf and Smith's Wharf around the Historic Queenhithe Dock have been redeveloped by the Lawrence Estates and Property Corporation to provide 65,000 sq. ft. of air-conditioned offices known as Queensbridge House, together with what was to have been a new hotel.

Unfortunately, there proved to be no takers for the hotel, so planning permission was obtained this summer to change the 222-bedroom hotel into a block of 111 flats. The London and Overseas property group has been brought in to manage the remaining stages of the development.

Another hotel was planned by the Merchant Taylors' Company for the adjoining Bull Wharf site, together with 22,550 sq. ft. of offices, but planning permission for this was refused in 1971. Between Bull Wharf and Vintry House is a sleek, new building, Black Swan House, developed on Kennet Wharf by the Vintners' Company themselves and designed by Saunders Boston. Apart from providing air-conditioned offices, the building also has three magnificent penthouse flats.

Beyond Southwark Bridge are the gaunt black towers of Cannon Street Station, which have been left as a grim reminder of the Blitz (and listed for their historic interest). The station itself has been reconstructed, the office block above, Elizabeth House, having been designed by Mr. John Poulson.

Next comes the most dramatic new building on the riverfront, a white wedding cake designed by Hubbard Ford and Partners, with 590,000 square feet of space. But this is no office block: it is Mondial House, possibly the largest international telephone exchange in Europe, able to handle up to 200,000 calls an hour. Like the telephone charges, the cost of this building has soared over the years, from £6m. when construction began in 1970 to £17m. now it is almost complete.

Between the ugliness of the multi-storey car park next to Mondial House and the beauty of Fishmongers' Hall beside the new London Bridge is a hole where there will rise shortly an office building of 96,000 square feet designed by William Holford and Partners for the Fishmongers' Company.

From London Bridge to the Tower of London, most of the riverside is threatened with redevelopment, except for Adelaide House, one of the outstanding commercial buildings of the 1920s, now listed for its architectural interest, and the classical façade of the Custom House, designed 150 years ago by Sir Robert Smirke. Between these two buildings, New Fresh Wharf and Billingsgate Market are to be redeveloped by the City Corporation and Leysen and Co. (a joint company of New Fresh Wharf and Fred Olsen Lines) in a £6m. scheme designed by Richard Seifert and Partners to provide 644,480 square feet of space, more than half of which will be occupied by the new fish market, the rest being offices for professional firms.

Finally, between the Custom House and the Tower, planning permission has been given for 122,000 square feet of offices on the site of the old Custom House and Wool Quays, designed by Fitzroy Robinson and Partners for Cressdene, the property subsidiary of Wilson Peck, the Sheffield music publishers. Interestingly, the freehold of the site is owned by the Fishmongers' Company, who also own the freehold of Abbey Wharf further upstream, where the new hotel is being turned into flats.

Renewed

Though there have been problems, the City's riverside has been almost completely renewed since the war. On the other side of the river, the decayed industrial buildings on the Southwark bank look like remaining for some time to come. Though a multi-million pound scheme was unveiled four years ago for Hays Wharf, the block of riverside property that runs from Tower Bridge to Cannon Street railway bridge, political opposition and economic uncertainty make it unlikely that anything will happen for several years.

The original scheme, designed by William Holford and Partners, took people's breath away with its scale: 38 acres of land, on which there were to be 2.25m. square feet of offices providing employment for 20,000 workers. Since then, detailed proposals have been worked out by three development companies, Amalgamated Investment and Property, Argyle Securities and St. Martin's Property Corporation, using three firms of architects, the Owen Luder Partnership, Denys Lasdun and Partners, and Turner Lansdown Holt and Partners.

Though these latest schemes follow Southwark's strategy plan more closely, and provide considerable elements of planning gain, they cannot be considered viable until there is a market for the offices that are proposed. Even if they were viable, however, they are unlikely to be permitted by the Greater London Council, which is why the London Borough of Southwark took the unusual step of supporting the Laing Development Company at a public inquiry this summer into the failure to give a planning decision in respect of Laing's proposals for 220,000 square feet of offices and 110 council flats on a 3.8-acre site between Southwark Bridge and Cannon Street railway bridge.

Lavatory

Since that was completed, the only new office blocks that have been built on the Southwark riverside are those on either side of Blackfriars Bridge. Construction is well advanced on 557,000 square feet of offices for Lloyds Bank on a site east of the bridge, which is being developed by Edger Investments, now a subsidiary of the Prudential Assurance Company. Designed by Fitzroy Robinson and Partners, the scheme also provides 136 flats and a public lavatory costing £40,000.

West of Blackfriars Bridge is the Kings Reach redevelopment by a consortium of Stock Conversion, Sainsburys, Reed International and the Union International Company. Now nearing completion, this provides a riverside public house, two blocks of flats, 350,000 square feet of offices for the International Publishing Corporation, including a 32-storey tower block, and a few shops. The architects for all of this are the ubiquitous Richard Seifert and Partners. There is also a 734-bedroom riverside hotel being developed by Miller Buckley Investments for the Spanish Melia organisation.

From this it can be seen that whereas for centuries the riverside in the centre of London has been occupied by hundreds of buildings of character and variety, in a few years' time it will have been almost completely redeveloped with a few much larger buildings designed by a handful of architects. If this trend continues, the next time round perhaps the whole riverside will be redeveloped by the State with a single Government architect.

Michael Hanson

Rates

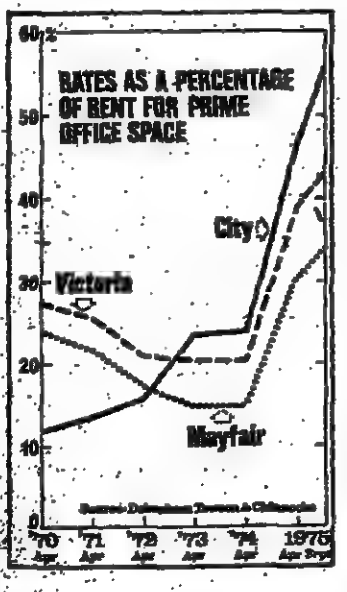
CONTINUED FROM PREVIOUS PAGE

Government. But these who have to take long term decisions on City accommodation will be unlikely to base calculations on the ability of local government to cut its capital expenditure requirements with any speed or to hold its wage bill to the orderliness of this year's settlements with NALGO, NUPE and the NUT.

Against a situation where in rent terms the City is a buyer's market, the rates burden increases the attractions of relocation. Where the new high level of accommodation expenses in places like Croydon may not be enough to push many businesses right out of town (apart from those contemplating a major change of staff by going to the further regions) the attractions of fringe areas with quite different rate burdens increase. In particular the West End, and the areas between the West End and the City, may benefit from the dual pull of lower rates and over-supply of space, to hold rents down, which is more severe in many areas than anything forecast for the City.

Chart

The chart and graph from agents Debenham, Tewson and Chinnocks show the trend clearly and its effects on the costs of accommodation per employee. It should be remembered that such statistics apply to new rentals. For most, the cost per employee is for less, though where a rent has been fixed at the top of the market, the total cost position is blacker, with the increased rates bill in the City, for instance, taking the cost per head, in rates and rent alone, on a 1973 letting, to over £3,000.



In miniature, the pull of different rating costs in different boroughs is shown in Chancery Lane, where the south end comes under the City, the north under the Borough of Camden, and the middle under the City of Westminster. As a result of the differing rate poundages, those in the City of Westminster tract are best off this year.

For those alarmed by City rate bills, there is, of course, the chance to fight them while remaining in the Square Mile, and there have been a number of successful applications for a reduction in rateable value based on a fall in notional rent levels. The applications have been upheld by the District Valuer but may still be rejected by the local authority. Either way, this is no permanent solution. It will not alter the totals needed by the GLC and ILEA each year and, if rateable value falls, then the rate in the £ will have to be increased to compensate.

There must, indeed, be a certain fatalism in the attitude of City property managers toward the rate problem. While regarding those lovely schoolkids of Greater London with a jaundiced eye, they will redouble their efforts to save space and cut rent and service costs, with the possibility of some bitter struggles when rents come up for review.

Quentin Guirdham

New offices for old

LAST WEEK'S amendments to the Community Land Bill, giving exemptions to rebuildings which do not increase floor space by more than 10 per cent., may indicate that a one-tenth figure for exemptions is part of official thinking. Those in the refurbishment - modernisation business will hope so, at present enjoying Development Gains Tax exemptions and trusting these will carry through to the Development Land Tax.

Development Gains Tax has a slightly different one-tenth exception, covering "the carrying out of works for the maintenance, improvement, enlargement or other alteration of any building, so long as the *cubic content* of the original building is not exceeded by more than one-tenth."

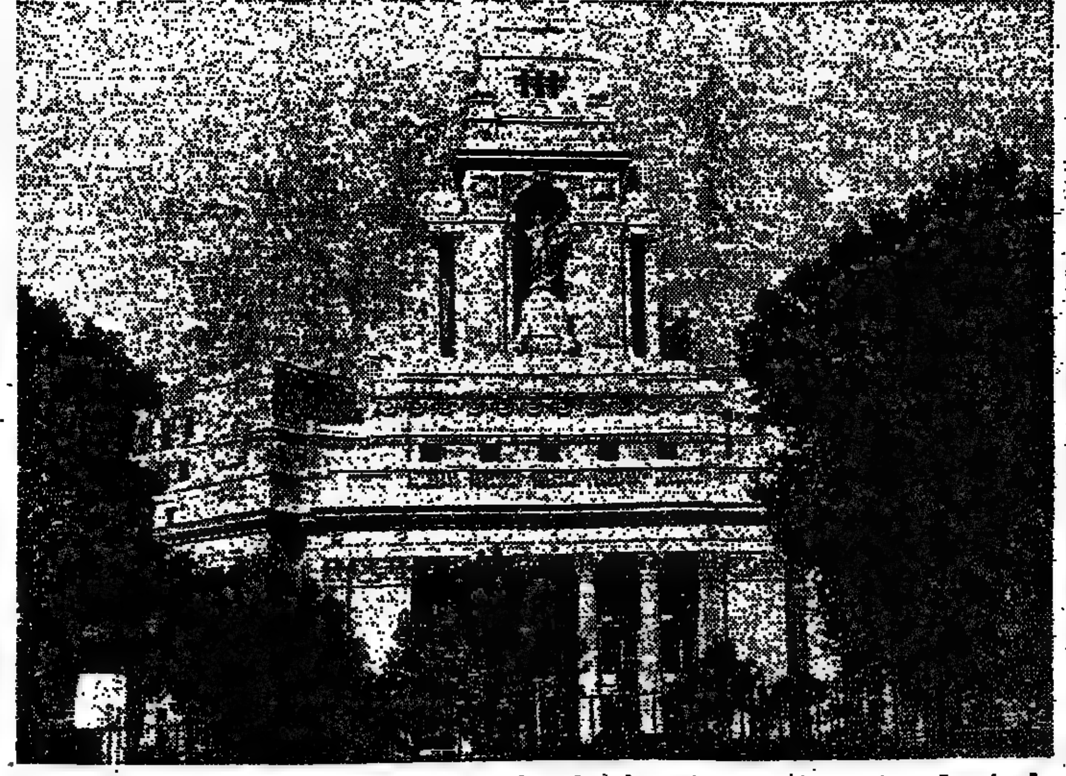
In practice, within the City, either definition within the one-tenth limit will do since few refurbishments are going to fit that much more into a building shell without planning permission problems.

So although major new developments are unlikely to be started in the near future in the face of financial, fiscal, legislative and planning constraints, what building activity there is in the City will be concentrated on modernisation.

Already, despite the large development areas within it, the City can boast some very well renovated old buildings. Some of the Corporation's work, and some livery company schemes are excellent. The commercial developer most associated with this aspect *is* Haslemere, and more recently Compass Securities, run by an ex-Haslemere man Geoffrey James has also shown how these things can be done, as has Hammerson.

In tackling bigger buildings, there are three good examples by different developers on the market at present—No. 55 Bishopsgate (Berkeley Hambro), Blackfriars House, (MEPC) and Amalgamated House (Amalgamated Investment and Property).

But whether the improvement of these large office buildings will prove profitable over the next few years is in doubt. There is an enormous difference in cost involved between just smartening up a building at the price of £5 or £10 per square foot and a full blown modernisation which could now cost £45 to £50 per square foot, virtually the same as a new building. In between there is an interim stage generally known as refurbishment which probably includes new lifts, lighting, plumbing, floor layouts (and probably an extra floor) in what are basically *sound buildings*.



Amalgamated House, formerly the PLA headquarters, and now modernised down to masonry work on the roof which only the pigeons can admire. Will the £4m.-plus spent on the job be recouped?

Delay

The uncertainties of future rent return may well prevent most commercial landlords from attempting a real modernisation on large buildings, though not necessarily institutional owners. And in the present market, many landlords will delay even an elementary smartening up. There is a strong case for getting in a tenant now and granting him a rent-free period to do the work himself.

The danger with such a policy, which may be taken by those with a bearish view of the City's profitability, is that just such a bearish view could also indicate a sharp polarisation in rents, given roughly similar location advantages, between well serviced, preferably air-conditioned modern offices and the gloomy caverns of office suites in which the City abounds. Slack demand and an oversupply of space make tenants choosy. In modern offices, they are now querying whether the air conditioning has proper return air systems, whether it is easy to lay out telephone and electric grids in the floor, window modules, block depths, etc. If there is enough space on the market which at least answers some of these points, then the rougher offices (apart from the market areas which demand small clerical back-up and where the occupants are out and about the City for most of their day) may fall right out of line with average rents.

In general, the rental gap between new and old buildings began to close in the late 1960s as the Brown ban on new developments started to bite. Space demand during 1971-73 continued the pattern, which has always been more emphasised in the City than elsewhere because of the need to be near certain markets, however badly housed. With a bleak economic outlook, demand will not stop the gap from widening again. Nor will the proof of experience, especially among banks, insurance companies and insurance brokers, that they can move much of their clerical staff outside the City.

The around £5m. the Imperial Group Pension Funds spent modernising Gateway House has paid off in one sense. Unmodernised it would be very hard to let now (certainly with a covenant like the Bank of America's) and the buyer's expectations might be even further out than the stated hope that it would fetch £20 plu[s a] square foot. On Amalga[mated] House, bought for £9½m., [mod]ernised at a cost of just [over] £4m., and on the other major modernisations, the [ques]tion is not yet answered.

But the specialist moder[nisers] and refurbishers have [proved] their point in financial a[s well] as aesthetic terms. Hasl[emere,] whose chairman Mr. Fre[d] Cleary is also doing his b[est to] get more flowers and gr[een] into the City, has been [profit]able to the extent of bei[ng one] of only a handful of pr[operty] companies which could la[unch a] Rights issue this year, let [alone] a popular one.

Functional

The bulk of Haslemere['s work] is in 5,000-10,000 squar[e foot] buildings, prestige office[s but, as] it stresses, functional [rather] than lavish. A good exam[ple of] Haslemere's quality i[s the] 12,850 square feet of offic[es] it bought, transforme[d and] sold to the Foreign and C[olonial] Investment Trust Grou[p for] £3.25m. in 1974 at Nos. 1 Laurence Pountney Hill. [About] half the company's wor[k is in] the City and, a rare sta[tement] for a developer, its m[anaging] director David Pickfor[d] says "We are buying wh[at] we can."

With its fiscal adva[ntages] many other developers, [as well] as existing owners of Cit[y build]ings which look in dan[ger of] moving badly down th[e rental] scale in the present con[text,] will look closely at the [econo]mics of modernisation [and re]furbishment over the [coming] year. Until there is so[me pre]dictability in demand and rental levels, the calc[ulations] are extremely hard, wit[h] architectural pitfalls as building cost inflation t[o be] up as well. Even if fin[ancially] nowhere as rewarding [as new] developments in previou[s years,] this could at least satisf[y some] by reviving the usefuln[ess of] fine City facades whose i[nteriors] completely fail to matc[h mod]ern office requirements.

Quentin Guir[dham]

Benefits for the provinces

FOR THE last ten years the City of London's thrombosis has been provincial Britain's tonic. Cities and towns all over Britain have benefited economically and achieved a nucleus of commercial enterprise in their areas by the arrival of major business organisations from the City and central London.

Companies have generally made the decision to leave London in the first place for negative reasons: a lease expired; punishing rent increases; soaring rates; staff difficulties; lack of suitable office accommodation and so on. In the majority of cases they have quickly found a number of positive reasons for operating out of London. Costs are, of course, lower in the provinces. Staffing problems are usually fewer after the initial upheaval. Even communications can be superior if the choice of the provincial location has been chosen with care.

Meanwhile the impact upon the host towns of high quality commercial activities should not be under-rated. The arrival has made an important contribution to regional regeneration in some parts of Britain which formerly were wedded to manufacturing industry. And in the south the recognition and encouragement of commerce as a legitimate "industry" for the future prosperity of districts has led to some sleepy market towns being transformed into busy and prosperous centres.

Two stages

The recent history of commercial movement out of London, and in particular away from the City, has been in two stages. In the 1960s a number of firms saw the rationale for moving but tended to be nervous about placing themselves too far from the City with its contacts and services. Thus moves tended to be to the outer London areas. Croydon probably benefited more than any other single place. The town responded quickly and eagerly to the concept of service employment by creating a mini-Wall Street. Croydon was also ideally situated as a place to work for those clerical workers who were tiring of travel conditions into London. At certain times of the day now more passengers are travelling down the line to Croydon from London than are travelling into London. And so far and fast has the town gone along its chosen way that some Croydon asking rents for office accommodation are currently £3 a square foot a year higher than in certain central London areas.

The second stage of the flight from London was the bolder. Companies concluded that they could benefit by going the whole hog and moving at least sections of their clerical and commercial work not just a few miles from the City but anything up to 300 miles. So during the last few years moves have tended to be over longer distances to places where accommodation is available at the right price and the right quality of workers can be found. To take one successful case of a town that has benefitted from this wave: Swindon has gained nearly 3,000 jobs from moves out of London. The second wave of moves has, to be strictly accurate, merged into a third wave. The latest moves from the City have tended to skip the crowded South East of England entirely and head for places to the north and west. The movement of 1,500 banking jobs by Barclays to Knutsford, Cheshire, is an example.

The following companies are among those which have left London during the last year: Anchor Underwriters, 120 jobs to Redbridge (Ilford); Selection Trust, 100 jobs to Newbury; the Prudential, 470 jobs to Reading; Cornhill Insurance, 200 jobs to Leatherhead; Hamilton Leasing, 130 jobs to Bristol; Van den Berghs, 450 jobs to Burgess Hull; Unilever, 430 jobs to Kingston-upon-Thames; Wiggins Teape, 435 jobs to Basingstoke; Barclays, 1,500 jobs to Knutsford; and Foster Wheeler, 1,050 jobs to Reading.

A number of other companies have also decided to move parts of their operations from the City. They include Lloyd's of London, 1,000 jobs to Chatham; Hambros, 350 jobs to Brentwood; U.K. Provident, 200 jobs to Salisbury; Abbey Life, 700 jobs to Bournemouth; Morgan Guaranty Trust, 500 jobs to Newham; and Mercantile General, 450 jobs to Cheltenham.

No organisation monitors the currents of commercial movement between the City and the provinces more closely than the Location of Offices Bureau situated in Chancery Lane. LOB was set up by the Government in 1963 and although a small secretariat with a £150,000 annual budget, it has proved surprisingly effective as a midwife, for the transferences of organisations involving hundreds, and sometimes thousands, of jobs.

The view of Mr. C. A. Prendergast, the LOB chairman, is that the total central London office space of 197m. square feet is going to level off at round about 200m. square feet when construction work at present in the pipeline is finished. And from that point, which he puts in the late 1970s, he expects the old City rental spiral to set in again making it even more desirable for a number of companies to move out.

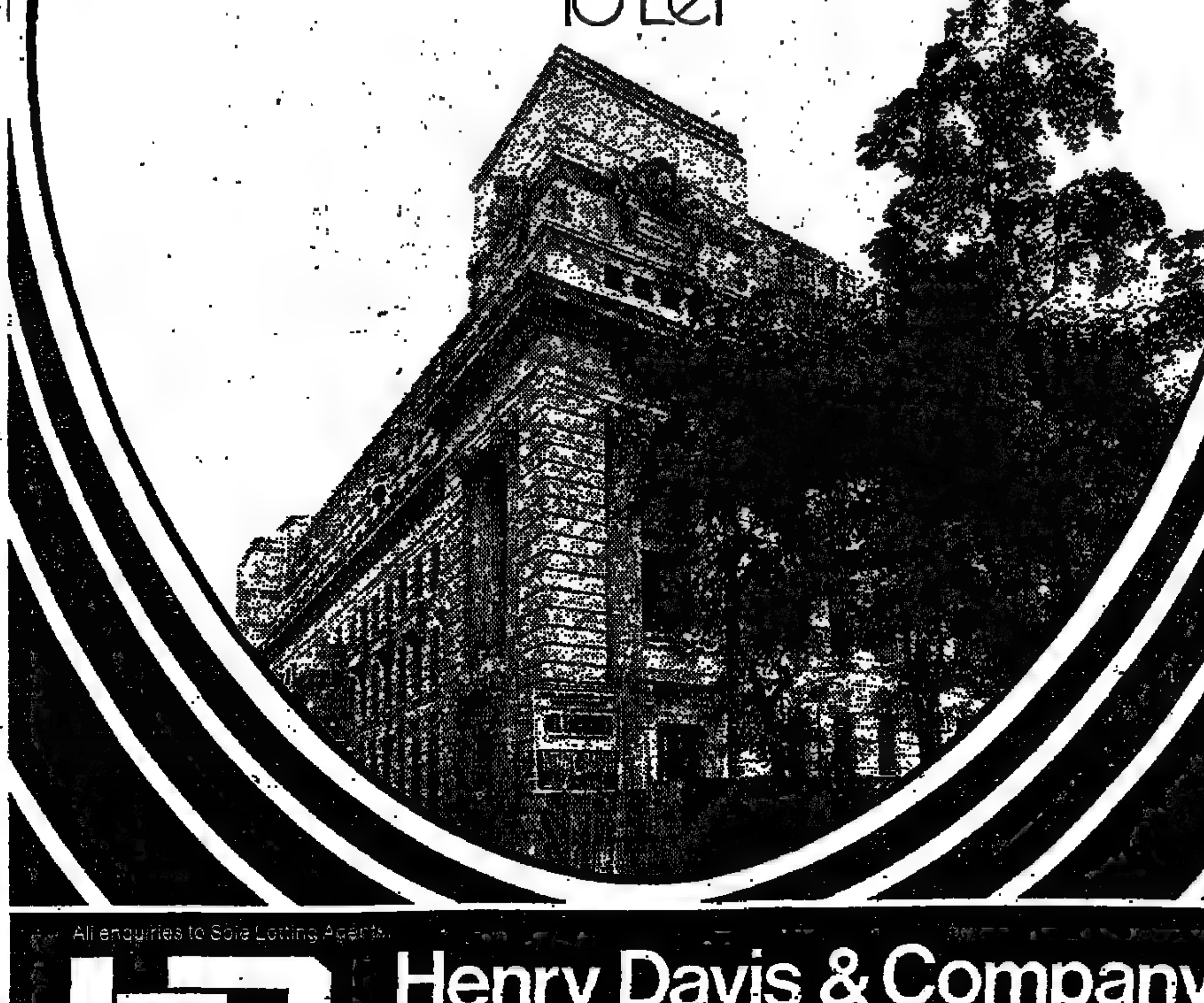
A recent review of the City office situation by estate agents Richard Ellis underlines that point of view. They see 1977-78 as a turning point beyond which rising demands for prime office space in the City reacting upon a strictly limited supply will surely be reflected in rising costs for tenants.

It does seem from the evidence available that the trend within the City is towards a smaller number of office workers occupying somewhat more office space than has ever been available in the past: but oc[cupying] it more comfortably. Offi[ce stan]dards have improved dr[amatic]ally in the City recently [when] comparison is made wi[th the] Dickensian conditions th[at] senior men (and women) [in] markets, insurance, jou[rnalism] and so on were prepared [to put] up with in former years.

But relocation out of [London] involves more than prick[ing a] map with a pin as a minc[ing of] firms have discovered [at] cost. For instance it i[s no] use selecting a town wi[thin a] development region and [there]fore eligible for office n[ew] grants if there is little suitable office labour in th[e area] or if the postal system is to be so strained as to [cause] abnormal delays. Both stumbling blocks have [been] encountered.

The effect of the [Office] Development Permit sys[tem is] that to-day there is ha[rdly a] town left in the South E[ast of] England with more than three properties availab[le for] office accommodation. S[o com]panies believing it will [be in] their best interests in th[e long] term to leave central L[ondon] are faced with competiti[on for] that limited accommodat[ion or] make the long move in[to the] regions.

Roy Ho[dson]
Regions



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AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

A.)	30	Lovell's Ship £1	115		Carroll (P. J.)	115	
Hdy.	58	N'thn. Goldsmith	98		Clondalkin	46	
k.10p.	33	P.M.A.	35		Concrete Prods.	73	
	10	Pearce (C. H.)	60		Goodbody (£1)	38	
e	47	Peel Mills	11		Heiton (Hldgs.)	29	
g. 5p.	16	Richards 10p	$12\frac{1}{2}$		Irish Distillers	65	
d 50p.	95	RobbCaledon5p.	22		Irish Wire	46	
Sons	11	Sayers 12½p	8		Jacob	57	
L.)	56	Sheffield Brick	64	+2	Sunbeam	30	
		Sheff.Refrshmt	141		Unidare	83	

FINANCIAL TIMES STOCK INDICES

—	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	A year ago
Government Secs.	58.36	58.16	58.15	58.44	58.57	59.02	54.47
Fixed Interest	59.17	59.11	59.41	59.46	59.38	59.95	53.62
Industrial Ordinary	339.4	339.5	330.6	329.8	321.6	329.7	190.9
Gold Mines	251.5	244.5	241.9	242.1	231.6	240.0	317.6
Ord. Div. Yld. %	6.15	6.14	6.30	6.30	6.46	6.50	10.57
Earnings Yld. % (full) (a)	16.86	16.86	17.30	17.31	17.74	17.30	28.17
P/E ratio (net) (b)	8.43	8.45	8.21	8.21	8.01	8.21	4.95
Dealings marked	4,844	4,940	4,797	5,092	5,202	5,059	5,121
Equity turnover £m	—	55.68	42.10	44.84	50.36	72.47	30.13
Equity bargains total	—	14,671	12,118	12,373†	13,706†	16,492	10,854

10 a.m. 340.2. 11 a.m. 339.7. Noon 338.4. 1 p.m. 339.1. 2 p.m. 339.2. 3 p.m. 339.1.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.27.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.63 (3/1)	150.4 (28/11/47)	50.63 (3/1/75)
Ind. Ord.	365.5 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	231.6 (6/10)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Oct. 10	Oct. 9
Daily—		
Gilt-Edged	161.5	179.4
Industrials	149.0	150.4
Speculative	41.1	33.5
Totals	110.3	112.4
5-day Av'r'ge	165.7	
Gilt-Edged		158.3
Industrials	160.0	162.9
Speculative	44.7	44.8
Totals	117.6	118.7

FT—ACTUARIES INDICES

—	Oct. 10	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 3	A year ago
Industrial Group	136.91	136.15	133.69	133.25	131.10	134.10	73.26
500 Share	152.02	151.18	148.30	147.83	145.46	148.44	77.50
Div. Yield %	6.00	6.03	6.15	6.16	6.26	6.14	10.75
P/E ratio (net)	8.62	8.58	8.40	8.37	8.24	8.41	4.55
All Shares	147.70	146.94	144.12	143.72	141.65	144.23	75.28
Red. Deb. yield %	14.84	14.85	14.94	14.93	14.93	14.69	15.78

BASE LENDING RATES

International	11 %	Industrial Bank of Scot.	11 %
Allied Irish Banks Ltd.	11 %	Jacobs, Kroll	11½%
Anglo-Portuguese Bank	11¼%	Keyser Ullmann	11½%
Henry Ansbacher	11½%	Knowsley & Co. Ltd.	12½%
Banco de Bilbao	11 %	Lloyds Bank	11 %
Banco de Jerez	11½%	London & European	11½%
Bank of Cyprus	11 %	London Mercantile	11½%
Bank of N.S.W.	11 %	Midland Bank	11 %
Banque du Rhone S.A.	11½%	■ Samuel Montagu	11 %
Barclays Bank	11 %	■ Morgan Grenfell	11 %
Brett, Christie Ltd.	12 %	National Westminster	11 %
Britannia Holdings Ltd.	12 %	Northern Comm. Trust	11½%
Brit. Bank of Mid. East	11 %	Norwich General Trust	11½%
Brown Shipley	11½%	Portman Guaranty	11 %
Canada Bowater Co. Ltd.	11½%	P. S. Refson & Co.	11 %
Cayzer Holdings	11 %	Rossminster Accept'cs	11 %
Charterhouse Japhet	11½%	Royal Trust of Canada	12 %
C. E. Coates	11½%	Schlesinger Limited	11½%
Consolidated Credits	12 %	E. S. Schwab	12½%
Continental Trade Bk.	11 %	Security Trust Co. Ltd.	12½%
Co-operative Bank	*11 %	Shenley Trust	12½%
Corinthian Securities	11 %	Standard Chartered	11 %
Credit Lyonnais	11 %	Sterling Credit	12½%
The Cyprus Popular Bk.	11 %	Thames Guaranty	11 %
Duncan Lawrie	11 %	Trade Development Bk.	11 %
Eagil Trust	12 %	Twentieth Century Bk.	12½%
English Transcont.	12 %	United Bank of Kuwait	11 %
First London Secs.	11 %	Wallace Brothers Bank	11½%
Antony Gibbs	11 %	Whiteaway Laidlaw	11½%
Goode Durrant Trust	11 %	Williams and Glyn's	11 %
Greyhound Guaranty	11 %	Yorkshire Bank	11 %
Grindlays Bank	11 %		
Guinness Mahon	11 %		
Hambros Bank	11 %		
Martin & Partners	13 %		
Hill Samuel	§11 %		
C. Hoare & Co.	†11 %		
Julian S. Hodge	12 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 7%, 1-month deposit 7½%

† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½% and over £25,000 8½%.

§ Demand deposit 8½%.

NOTES

Prices do not include $ premium, where indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
1M	1S	Exch 6½pc 1976‡‡	98½	28.7	6.62	11.54
15F	15A	Treasury 6½pc 1976‡‡	96⅞	9.7	6.77	11.45
1M	1S	Victory 4pc 1976‡‡	98	28.7	4.04	—
14J	14D	Treasury 10½pc 1976‡‡	99⅛	8.5	10.60	11.30
10M	10S	Treasury 6½pc 1977‡‡	94⅝	9.7	6.62	10.69
15M	15S	Electric 3pc 74-77	92½	11.8	3.24	8.71
26M	26S	Treasury 11½pc '77‡‡	100⅞	20.8	11.45	11.21
15M	15N	Treasury 3pc '77‡‡	88⅛xd	9.10	3.38	9.03
20J	20D	Transport 4pc '72-77	88⅞	14.5	4.50	9.75
15M	15S	Treasury 9pc 1978‡‡	93⅞	11.8	9.59	12.00
14J	14J	Treasury 10½pc '78‡‡	96⅝	9.6	10.86	11.90
26M	26S	Exchequer 5pc '76-78‡‡	86¼	20.8	5.76	10.31
9M	9S	Treasury 11½pc '79‡‡	98⅞	4.8	11.63	11.90
17M	17S	Treasury 3pc '79‡‡	77⅞	11.8	3.85	9.75
26M	26S	Electric 4½pc 74-79	80½	26.8	5.28	10.38
1M	1N	Treasury 10½pc '79‡‡	95⅝xd	25.9	10.99	11.91
15M	15N	Electric 3½pc '76-79	78⅝xd	9.10	4.45	9.99
3M	3S	Treasury 9pc 1980‡‡	88⅞	28.7	10.13	12.37
14M	14N	Treasury 9½pc '80‡‡●	89⅝xd	8.10	10.60	12.56
15J	15D	Treasury 3½pc '77-80	76	9.5	4.60	10.85
15J	15D	Funding 5¼pc '78-80‡‡	81	9.5	6.48	10.48
		Five to Fifteen Years				
—		Treasury 11½pc 1981●	£96	—	—	—
15F	15A	Do 3½pc '79-81	74⅝	9.7	4.73	9.85
15J	15J	Do 8½pc '80-82‡‡	85½	9.6	10.19	12.36
17M	17S	Treasury 12pc 1983‡‡	96½	11.8	12.55	12.93
15M	15J	Funding 5½pc '82-84‡‡	72⅝	9.6	7.72	10.84
10J	10J	Treasury 8½pc '84-86‡‡	80¼	3.6	10.89	12.21
1M	1N	Funding 6½pc '85-87‡‡	66⅝xd	25.9	9.71	11.82
26J	26J	Treasury 7¾pc '85-88‡‡	71⅞	19.6	11.17	12.66
1J	1J	Transport 3pc '78-88	44½	27.5	6.93	11.66
15A	15O	Treasury 5pc '86-89	51⅜xd	8.9	9.73	12.39
15J	15D	Treasury 8¼ 87-90‡‡	69⅞	9.5	12.28	13.41
		Over Fifteen Years				
5A	5O	Funding 5¾pc '87-91‡‡	51½	1.9	11.19	13.19
22J	22J	Treasury 12½pc '92‡‡●	89½	—	14.63	14.85
14J	14J	Treasury 12½pc '93‡‡	88⅝	9.6	14.62	14.80
15M	15S	Funding 6pc 1993‡‡	49	11.8	12.36	13.82
17M	17N	Treasury 9pc '94‡‡	68⅛	10.4	13.91	14.48
1M	1N	Gas 3pc '90-95	31	9.28	9.63	12.49
15M	15N	Treasury 12½pc '95‡‡	85⅝xd	9.10	14.69	14.84
15M	15S	Treasury 9pc '92-96‡‡	64¼	11.8	14.05	14.53
1A	1O	Redp. 3pc 1986-96	30	26.8	10.03	12.52
22J	22J	Treasury 13¼pc '97‡‡	92½	—	14.82	14.88
1M	1S	Treasury 8¾pc 1997‡‡	62⅜	28.7	14.17	14.59
1M	1N	Treasury 6¾pc '95-98‡‡	48¾xd	25.9	13.75	14.43
15J	15J	Treasury 9½pc 1999‡‡	68½	9.6	14.36	14.62
14J	14J	Funding 3½pc '99-04	28⅛	9.6	12.84	13.66
5A	5O	Treasury 8pc '02-06‡‡	55⅜	1.8	14.49	14.63
10M	10S	Treasury 5½pc '08-12‡‡	38⅞	4.8	14.33	14.45
26J	26J	Treasury 7¾pc '12-15‡‡	54⅜	19.6	14.71	14.73
		Undated				
1F	1A	Consols 4pc	27⅜	25.6	15.05	—
1J	1D	War Loan 3½pc‡‡	25⅛	25.4	14.68	—
1A	1O	Conv. 3½pc '61 Aft.	24½	26.8	14.35	—
5A	5O	Treasury 3pc 66 Aft.	20	1.8	15.05	—
5J.A.J.O.		Consols 2½pc	16⅞	1.8	14.86	—
1A	1O	Treasury 2½pc	16⅝	26.8	15.11	—

**INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15F	15A	5pc Stock '77-82	66½	18.7	7.60	12.59
31J	31J	8pc Stock 1976	96½	27.7	8.29	12.53

**CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F	1A	Birm'ham 9½pc '79-81	82½	1.7	11.45	14.18
1F	1A	Bristol 6½pc '75-77	92¼	16.7	7.06	12.56
30J	31D	Essex 5½pc '75-77	88¾	2.6	6.20	12.91
11F	11A	G.L.C. 6¾pc 1976	96	11.7	7.08	12.10
15A	15F	Do 7¼pc 1977	90¼	15.7	8.03	13.30
25M	25N	Do. 12½pc '82	98¼	—	13.32	13.94
22M	22N	Herts. 5½pc '78-80	72	22.4	7.29	13.57
10M	10S	Liverpool 7pc '76-77	90	11.8	8.02	13.00
15M	15N	Do. 9¾pc '80-84	83½	15.4	12.17	13.86
J.A.J.O.		Do. 3½pc Irred.	22⅞	1.9	15.14	—
10F	10A	Lon. Corp 6½pc '75-78	84¼	10.7	7.71	13.30
1A	1O	Do. 9¼pc '84-85	74½	1.8	12.44	14.11
8F	8A	L.C.C. 6pc '75-78	85½	8.7	7.02	13.38
15M	15S	Do 5½pc '77-81	67½	15.8	8.17	13.78
15J	15J	Do 5½pc '82-84	59¼	16.6	9.44	13.93
11J	11D	Do 5½pc '85-87	52	12.5	10.84	14.42
10J	10J	Do 6¾pc '88-90	54½	10.6	12.60	14.60
1M.J.S.D.		Do. 3pc '20 Aft.	19¼	1.8	15.83	—
1J	1D	Middx. 6¼pc '75-77	87¼	1.5	7.15	12.92
15M	15S	Do 5¼pc 1980	72¼	15.8	7.28	13.63
10Mr.	10S	Newcastle 9¾pc '78-80	84¼	8.8	11.27	13.73
15My	15N	Warwick 12¼% 1980	100	—	13.10	13.77

COMMONWEALTH & AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15A	15O	**Aust. 6pc '74-76	94¾xd	12.9	6.32	11.46
1A	1O	**Do. 5½pc '75-78	81¼	29.8	6.74	13.12
1J	1J	**Do. 5½pc '77-80	76⅝	30.5	7.24	13.07
1A	1O	**Do. 5½pc '81-82	66¼	29.8	8.24	13.34
15J	15D	**East Afr. 5¾pc '77-83	61½	13.5	9.57	14.64
1M	1S	**Jamaica 7pc '78-78	84⅛	1.8	8.39	14.14
15F	15A	**Kenya 5pc '78-82	61½	15.7	8.19	14.69
11J	11D	**N.Z. 4pc 1976-78	79	12.5	5.15	12.74
28F	28A	**Do. 6pc '76-80	76¼	28.7	7.89	13.35
15J	15D	**Do. 7½pc '83-86	68¼	13.5	11.68	14.01
15J	12J	**Sth. Rhod 6pc '78-81	76½	16.6	7.96	12.50
15J	15J	**Nyasa 6pc '78-81	75¼	16.6	8.07	12.82
1J	1J	**Sth. Afr. 5½% 74-76	96½	27.5	5.88	12.93
1M	1N	**Do. 9½pc '79-81	84	25.9	11.10	13.27
1A	1O	Sth. Rhod. 2½pc '65-70	30	3.66	—	—

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

S.E. List Premium 60¼% (based on $2.0530 per £)

CANADIANS

S.E. List Premium 60½% (based on $2.1650 per £)

Conversion factor 0.6222 (0.6333)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Johns'n & B.12½p	26	14.10	d1.47	3.1	8.7	(9.9)
Johnson Clsrs.	30	8.9	2.24	3.7	11.5	8.0
Johnson Mth. £1	280	16.6	10.23	4.9	5.6	5.6
Judge Int.	31	5.5	1.90	3.6	9.4	4.6
Kalamazoo 10p	21	21.4	1.62	2.7	11.9	4.8
Kelsey Ind. 12½p	53	2.6	d2.47	4.7	7.2	4.6
Kennedy Sm. 10p	12	8.9	1.38	ϕ	17.8	ϕ
Kershaw (A.) 5p	575	22.8	12.01	0.7	3.2	97.2
Kleeman	215	10.3	4.0	4.8	2.9	11.0
Kode Int.	29	21.4	1.23	3.5	6.5	6.6
L.C.P. Hlds.	55½	14.7	42.89	2.5	8.0	7.6
L.K. Ind. Inv.	18	2.6	d1.96	1.8	16.8	5.1
L.R.C. Int. 10p	24	11.8	2.0	0.8	12.8	14.5
Lamson Inds.	63	8.9	2.74	2.5	6.7	8.5
Lawtex	27	7.4	2.58	ϕ	15.6	ϕ
Lead Inds. 50p	97	22.9	4.88	3.7	7.7	5.3
Leadenhall Stg.	52	22.8	3.05	ϕ	7.8	—
Le Bas (Ed.)	33	8.9	1.4	8.3	6.4	2.9
Lebolf Fobel 10p	36½	16.6	t1.48	4.3	6.3	9.9
Lebus Harris	28	24.2	2.0	0.2	11.0	—
Leigh (L.) 5p	25	24.22	0.73	5.8	4.5	5.9
Leisure Car. 10p	73	30.6	4.42	1.7	9.3	9.9
Lep Group 10p	137	24.2	2.36	9.4	2.7	4.8
Lesney Prods. 5p	35	19.5	0.78	7.0	3.5	5.4

INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
June	Wood & Sons 5p	13	21.4	0.49	5.2	6.1	5.1
May	Wood (Arthur) 5p	9½	19.5	0.67	3.6	10.7	4.0
Apr. July	Wood (W.) 10p	12	6.73	‡0.87	—	‡	—
January	Wood Hall	84	11.74	t4.03	3.9	7.7	5.2
April Sept.	Yatton Furn. 5p	6½	14.7	40.34	ϕ	8.0	ϕ
November	Zetters 5p	22xd	6.10	0.95	4.6	6.6	5.1

††INSURANCE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Feb. July	Brentnall Bd. 10p	60	14.7	t2.92	3.0	7.5	7.0
May Sept.	Britannic 5p	132	11.8	7.0	—	8.2	—
F.M.S.D.	Comb. Ins. Am.$1	740	25.7	tQ66c	—	4.3	—
Nov. May	Comm. Union	152	22.9	6.77	—	6.8	—
Jan. July	Eagle Star	127	2.6	g4.99	—	6.2	—
June Dec.	Ennia UK 9%Cnv.	£104	—	Q9%	—	f8.7	—
May	Equity & Law 5p	156	5.5	5.1	—	5.0	—
Jan. July	Gen. Accident	163	5.5	t5.4	—	5.2	—
Jan. May	Guardian Royal	201	21.3	t7.75	—	6.0	—
Nov. May	Hallford Sh'd 10p	190	22.8	t5.44	3.0	4.3	11.8
Jan. July	Heath (C.E.) 20p	235	2.6	6.1	3.3	4.0	11.8
Oct. Mar.	Hogg Robinson	165	22.8	4.03	3.7	3.8	10.8
Dec. Apr.	Howden (A.) 10p	139	22.9	g2.35	4.6	2.6	13.9
Dec. June	Legal & Gen. 5p	130	7.4	14.36	—	5.2	—
Sept. June	Leo & Gdwu. 10p	100	11.8	3.39	2.3	5.2	13.0

TRUSTS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
— —	Scot. Western 'B'	67	—	—	—	—	—
Apr. Oct.	Sec. Alliance Tst.	148	8.9	4.3	1.1	4.5	30.1
Sept. Mar.	Sec. Brit. Assets	139	10.2	3.57	1.1	4.0	36.8
Jan. Sept.	Sec. Gt. Nthn.	65	14.7	1.6	1.1	3.8	35.9
— —	Do. "B"	61	—	—	—	—	—
Jan. July	Sec. Scot. Inv.	80½	19.5	1.05	1.1	3.6	40.0
Dec. June	Sec. Tst. Scot.	140	5.5	4.7	1.1	5.2	26.4

MINES

CENTRAL RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Aug. Feb.	Durban Deep R1	400	30.6	‡Q110c	ϕ	‡
Aug. Feb.	E.Rand Prp. R1	548	30.6	‡Q115c	ϕ	‡
—	Rand Leases 2½c	28	6.58	—	—	—
— —	Randf'tn Est. R2	£16½	12.70	—	—	—
Aug. Feb.	West Rand R1	160	16.6	‡Q40c	1.3	‡

EASTERN RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May Nov.	Bracken R1	195	22.9	Q52c	ϕ	14.7
February	Daggafontein 50c	8	17.2	—	—	—
Aug. Feb.	East Dag R1	57	12.74	‡Q25c	ϕ	‡
Aug. Feb.	Gvnt. Areas 5c	140#	6.71	—	—	—
Aug. Feb.	Grootvlei 30c	135	30.6	‡Q32c	1.1	‡
May Nov.	Kinross R1	450	22.9	Q54c	ϕ	6.6
May Nov.	Leslie 70c	75	7.4	Q18c	ϕ	13.3
Aug. Feb.	Marievale 70c	175	30.6	‡Q84c	1.1	‡
Aug. Feb.	S. African Ld. 35c	210	30.6	‡Q65c	1.2	‡
Aug. Feb.	Vlakfontein R1	98	30.6	Q35c	1.3	19.8
May Nov.	Winkelhaak R1	735	22.9	Q108	ϕ	8.1
Sept.	Wit. Nigel 25c	42	8.74	—	—	1.4

FAR WEST RAND

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb. Aug.	Blyvoor 25	700	30.6	Q100c	1.3	7.9
Feb. Aug.	Buffels R1	£14½	16.6	Q180c	1.4	6.8
—	Deelkraal R0.20	265	—	—	—	—
Feb. Aug.	Doornfontein R1	635	30.6	Q110c	1.4	9.6
Aug. Feb.	East Drie R1	820	30.6	Q65c	ϕ	4.4
Feb. Aug.	Elsburg R1	235	30.6	Q45½c	—	10.7
Feb. Aug.	Hartebeest R1	£16¼	30.6	Q215c	1.4	7.3
Feb. Aug.	Kloof Gold R1	825	30.6	Q55c	1.4	3.7
Feb. Aug.	Libanon R1	750	30.6	Q110c	1.9	8.1
— —	Southvaal 50c	750	12.74	Q9c	0.9	0.6
Aug. Feb.	Stilfontein 50c	245	16.6	‡Q65c	1.3	‡
Aug. Feb.	Vaal Reefs 50c	£20	30.6	‡Q220c	1.7	‡
Feb. Aug.	Venterspost R1	330	30.6	Q70c	1.9	11.7
Feb. Aug.	W. Drie R1	£36½	30.6	Q485c	1.2	7.4
Jan. Aug.	W'st'rn Areas R1	320	30.6	†Q70c	1.4	12.1
Feb. Aug.	Western Deep R2	£15¾	30.6	‡Q160c	1.4	‡
Feb. Aug.	Zandpan R1	315	30.6	Q35½c	1.8	6.3

O.F.S.

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Sept.	Fr. State Dev. 50c	170	11.8	Q14c	1.6	4.6
May Nov.	F.S. Geduld 50c	£21¼	22.9	330c	ϕ	8.6
—	F.S. Saaiplaas R1	133	22.9	Z6c	—	2.4
May Oct.	Harmony 50c	585	22.9	Q77c	1.8	7.3
Nov.	Loraine R1	215	22.9	Q6c	ϕ	1.5
May Nov.	Pres. Brand 50c	£19	22.9	Q250c	ϕ	7.3
May Nov.	Pres. Steyn 50c	£12½	22.9	Q125c	ϕ	5.5
May Nov.	St. Helena R1	£22	22.9	Q250c	ϕ	6.3
—	Unisel	190	—	—	—	—
May Nov.	Welkom 50c	325	22.9	Q55c	ϕ	9.4
May Nov.	W. Holdings 50c	£26¼	22.9	Q475c	ϕ	10.2

FINANCE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May Nov.	Ang. Amer. 10c	360xd	6.10	†Q29c	2.8	4.4
Mar. Aug.	Ang. Am. Gold R1	£31¾	30.6	†Q250c	1.4	4.4
Feb. Aug.	Ang-Vaal 50c	£10¼	30.6	Q95c	ϕ	5.1
Apr. July	Charter Con.	150	16.6	6.21	2.2	6.4
Nov. July	Cons. Gold Field	201	21.3	t26.8	4.5	5.1
Feb. Aug.	E. Rand Con. 10p	19	21.4	0.92	1.4	7.5
Mar. Sept.	Geduld Inv. R1	270	28.7	†Q34c	0.4	7.0
Oct. May	Gen. Mining R2	£19½	22.8	tQ210c	2.1	6.0
Mar. Sep.	G. Fields S.A. 25c	£24	22.8	Q225c	1.3	5.2
Jan. Oct.	Joburg Cons. R2	£20	8.9	Q165c	ϕ	4.5
Aug. Feb.	Middle Wit 25c	305	30.6	Q28c	2.0	5.1
Mar. Oct.	Minorco SBD1.40	193	8.9	Q14c	—	4.0
Mar. Sep.	New Wit 50c	165	22.8	Q20c	1.6	6.7
—	Palino NV Fls.5	940	—	QC40c	10.5	3.8
July Dec.	Rand Selection 50c	710	16.6	†Q70c	1.6	5.4
Jan. July	Selection Trust	510	14.7	14.0	2.0	4.2
Aug. Mar.	Sentrust 10c	235	16.6	Q30c	1.2	7.1
Dec. July	Silvermines 2½p	46	22.9	‡a4.0	1.6	‡
May Nov.	SW Africa 20p	130	21.4	17.87	ϕ	22.8
July Jan.	T'vaal Cons. Ld. R1	£10	16.6	†Q55c	2.5	3.1
Mar. Sept.	U.C. Invest R1	275	28.7	Q36c	1.2	7.2
May Nov.	Union Crp. 6.25c	400xd	6.10	Q42c	1.6	5.8
Mar. Sept.	Vereeniging R2	£17#	22.8	Q81.15	ϕ	3.7
Sep. Mar.	Vogels 2½c	76	22.8	Q6c	1.0	4.4

DIAMOND AND PLATINUM

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Nov. May	Anglo-Am. Inv. 50c	£30	22.9	Q290c	1.0	5.3
Dec. Sept.	Bishopsgate Pll. 10c	88	22.8	Q3.1	ϕ	1.9
May Nov.	De Beers Df. 5c	300	8.9	Q25c	2.2	4.6
Jan. Aug.	Do. 40pc Pf. R5	£15½	16.6	1.10	125.5	7.1
Nov. May	Lydenburg 12½c	90	10.74	Q2.9c	ϕ	1.8
Nov. May	Pot. Plat. 3½c	157	10.74	Q5c	ϕ	1.8
Nov. May	Union Plat. 10c	138	28.10	Q4.96c	ϕ	2.0
May Nov.	Waterval 5c	138	10.74	Q5.2c	ϕ	2.1

CENTRAL AFRICAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
November	Coronation 25c	165	22.9	Q34c	ϕ	11.4
November	Falcon Rh. 50c	185	22.9	Q65c	ϕ	—
September	Globe Phnix 12½p	38	22.8	1.25	ϕ	5.1
March	Rho-Corp. 16½p	17	24.2	Q5	8.0	4.9
J. M. Ju. O.	Roan Cons. K4	218	12.74	Q16.0	ϕ	7.3
Jan. July	Tanganyika 50p	146xd	6.10	‡Q26	1.2	‡
Aug. July	Do. Pref. 80p	65	30.6	Q9	18.0	11.6
Nov. June	Wankie Col. Rh.1	32xd	6.10	Q6½c	ϕ	11.2
NvAgApJn	Zam. Cpr. SBD0.24	42	11.74	Q1.90	3.2	4.5

AUSTRALIAN

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Acmex 25c	28	—	—	—	—
April	A. M. and S. 50c	123	16.9	‡Q14c	1.5	‡
Nov. Apr.	Bougainville 50c	86	8.9	Q27½c	3½	‡
Nov. June	BH South 50c	165	9.74	—	—	—
— —	Gold M. Kalg. $1	90	6.67	—	—	—
February	Gt. Boulder 10c	74	11.73	‡Q2c	ϕ2.8	1.5
September	Hamptn Areas 5p	74	28.7	1.18	4.2	2.5
— —	Metals Ex. 50c	37	—	—	—	—
—	Metramar 20c	15	—	—	—	—
Nov. June	M.I.M. Hlds. 50c	214	8.9	Q10c	ϕ	2.6
May Sept.	M. Lyell 25c	80	—	Q5c	ϕ	3.6
—	Newmetal 10c	1½	—	—	—	—
June Nov.	North B. Hill $1	142	5.5	Q9c	1.4	3.6
—	North Kalg. 50c	8	—	—	—	—
June Nov.	Oakbridge $A1	77	23.9	Q8c	ϕ	6.0
—	Pacific Cppr. 25c	15	—	—	—	—
— —	Pancont'l 25c	545	—	—	—	—
—	Paringa M&Ex. 5p	15	—	—	—	—
Apr. Oct.	Peko-Walls'd 50c	400	30.9	Q15c	ϕ	2.1
—	Poseidon 20c	188	30.6	—	—	—
— —	Scamander 25c	2	—	—	—	—
— —	Vultan Mn. 50c	16	—	—	—	—
—	Westmex 10c	4	—	—	—	—
Oct. Mar.	W. Mining 50c	152	8.9	‡Q8c	0.8	3.9
—	Whim Creek 20c	28	—	—	—	—

TINS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
September	Amal. Nigeria	38	22.9	5.62	1.6	22.8
Apl. Oct.	Ayer Hitam	138	8.9	13.0	ϕ	14.5
June Oct.	Bereit Tin	15½	5.71	—	—	—
Jan. July	Berjuntai SM2.5	315	16.6	Q5M2	ϕ	11.1
Apr. July	Ex Lands 10p	15	16.6	15	5.8	15.4
Apr. Oct.	Geevor	170	8.9	12	2.3	10.9
Nov. May	Gold & Base 12½p	9	10.74	—	—	—
June Dec.	Gopeng Cons.	208	21.4	14.25	ϕ	10.5
—	Hongkong	62	11.67	—	—	—
Sept. Mar.	Idris 10p	53	28.7	z3p	2.2	19.5
— —	Jantar 12½p	9½	4.67	—	—	—
Dec. Apr.	Kamunting 15p	50	10.2	7.0	ϕ	21.5
July Dec.	Killinghall	150	7.4	48	—	12.3
Apr. Dec.	London Tin 20p	156	24.2	7.0	1.3	6.9
Jan. June	Malay Dredging	161	5.5	g43.9	1.6	10.5
June Dec.	ΔPahang	37	22.9	Q3.12	ϕ	8.7
July Jan.	Pengkalen 10p	41	21.4	7.0	1.0	26.3
March	Petaling SM1	102	27.1	—	—	—
Jan. July	Saint Piran	17	11.8	0.63	3.5	5.7
Apr. Nov.	South Kinta (10p)	90	22.9	9.5	1.5	16.2
June Dec.	Sthn. Malayan	123	5.5	g43.9	1.4	13.7
July Dec.	Sungei Besi 20p	45	2.6	30	3.0	13.3
Mar. Oct.	Sungei Way SM1	30	9.74	ZQ10	—	5.8
Sept. July	Tanjong 15p	52	28.7	4.35	2.3	12.9
Jy Mar Sep	Tongkah Hb SM1	51	31.1	‡Q30	1.3	‡
Apr. Oct.	Tronoh	59	8.9	†4.02	3.5	10.5

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Botswana RST P1	60	—	—	—	—
June Dec.	Messina R0.50	265	2.6	‡Q35c	2.9	7.3

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Burma Mine 17½p	8	19.5	m0.5	—	1.7
—	Charterhall 5p	43	3.67	—	—	—
—	Colby Mines $1	62	—	—	—	—
Aug. Feb.	Cons. Murch. 10c	620	30.6	‡Q130c	2.2	‡
— —	Laurasia	36	—	—	—	—
July	Northgate C$1	265	27.3	Q65c	1.0	11.8
Jan. June	R.T.Z.	162	21.4	g5.51	4.4	5.3
—	Sabina Inds. C$1	80	—	—	—	—
—	Stanford Mines ∥	50	—	—	—	—
—	Tara Expln. $1	£10½	—	—	—	—
— —	Yukon Cons C$1	58	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents.
ϕ Figures or report awaited.
†† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
** Free of Stamp Duty.
♦ Merger bid or reorganisation in progress.
‡ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
‡ Based on 1973 profits.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
♣ Regional price.
∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

"Recent Issues" and "Rights" Page 33

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FINANCIAL TIMES

Monday October 13 1975

Ford defends new round of trade talks

BY PAUL LEWIS, U.S. EDITOR HOT SPRINGS, Virginia, Oct. 12

THE FORD Administration launched a strong counter-attack here this week-end against the growing protectionist demands of American industry which it said were now threatening to disrupt the new round of multilateral negotiations for freer trade in the General Agreement on Tariffs and Trade (GAAT).

On the eve of his departure for Geneva, Brussels and The Hague, Ambassador William Dent, President Ford's special trade representative, told the U.S. Business Council that American industrialists had filed a record number of complaints against unfairly priced foreign imports this year, despite the country's strong trading position.

"To those looking at the U.S. from abroad," he went on, "these filings suggest that our country may be turning protectionist."

PRESIDENT FORD: Fighting protectionism.

Mr. Dent emphasised that both Congress and the Administration remained committed to a policy of expanding world trade for the benefit of industrial and developing countries alike. Later he said the Administration hoped that long standing complaints or those stemming from the world recession, could still be dealt with in the Geneva talks rather than by unilateral American action.

Car imports

He also suggested that President Ford might be able to delay a final ruling on American demands for protection against small motor car imports—one of the most sensitive cases now pending—until November of 1976, or after the Presidential elections.

Nevertheless, be felt compelled to warn that the wave of complaints American manufacturers were making against foreign trade practices under the new Trade Act, now threatened to "disrupt" the international trading system built up in GATT since 1947 and imperil the present round of trade freeing talks.

Mr. Dent's remarks reflect the Ford Administration's growing embarrassment at the use American industrialists are now making of the stricter safeguard procedures written into the new Trade Bill authorising its participation in the present GATT round, as a way of buying off the protectionists in Congress.

Mr. Dent called on businessmen to exercise greater restraint in their recourse to the new Trade Act's provisions—particularly as the country's strong payments position showed that it was no longer disadvantaged in world markets.

The Common Market has complained that nearly 20 per cent. of its trade with the U.S. is threatened by American demands for increased protection.

During his European tour, Mr. Dent will be meeting GATT officials in Geneva and U.S. Congressional advisors on the trade negotiations. In Brussels, he will have talks with Sir Christopher Soames and other members of the Common Market Commission about the tense situation now building up between the EEC and the United States.

His remarks this week-end are thus intended to show America's foreign trading partners that the Ford Administration is fighting domestic protectionist pressure, as well as dissuading U.S. manufacturers from pressing to the limit their new rights under the Trade Bill.

Basis for Paris oil meeting agreed

By Richard Johns

PARIS, Oct. 12.

THE BASIS for a full-scale "dialogue" between industrialised countries and the developing world—spearheaded by the oil-producing States—should be laid at their preparatory meeting starting here to-morrow without the aggravation and discord that characterised the first abortive effort last April.

All 10 participants have approved, explicitly or implicitly, what is termed a "consensus proposal" submitted by the French Government last August after some months of quiet diplomacy. The three groups, however, will have to decide later who will represent them at the expanded conference which, it is intended, should take place in December.

Britain's insistence on being represented individually at that conference should not necessarily cause any obstacle at this stage, or, indeed, when the full dialogue convenes. The intention is that the three groups should select their own representatives after the preparatory meeting within the appropriate forums—OECD, OPEC and the UN "Group of 77" developing countries.

A strenuous assertion of the U.K. case for representation put forward by Mr. James Callaghan, Foreign Secretary, to his European Economic Community ministerial colleagues last week evoked no sympathy from other members of the International Energy Agency, nor will it find support amongst developing countries. In the last resort the U.K. may be left with the choice of appearing in a single EEC delegation or having no voice at all.

As for the "consensus proposal," it has been approved by participants a the preparatory meeting that the substantive dialogue should begin within two months at Foreign Ministerial level with a session which would set in motion the work of four separate commissions to deal with the problems of energy, raw materials, aid for development and related financial issues.

Mixture of tactics Page 14

BSC in industry hunt to offset plant shutdowns

BY HAROLD BOLTER, INDUSTRIAL EDITOR

OUTSIDE consultants are being brought in by the British Steel Corporation in an attempt to attract new industries to areas of the U.K. where the BSC plans to end steel production.

The consultants concerned are McKinsey and Company, which has been given a Scottish brief, and Peter Ward Associates (Interplan), which will carry out work in England and Wales.

The Corporation has commissioned Interplan in connection with its plans to attract new industries to Ebbw Vale and Cardiff in South Wales, Shotton in North Wales, and Hartlepool in North-East England.

BSC has taken this step after consultations with the European Coal and Steel Community, the Department of Industry and the Welsh Office, and it hopes to obtain a contribution of 50 per cent. of the cost of the exercise from the ECSC.

Interplan will try to identify for the BSC, industries possibly unrelated to steelmaking, which could thrive in the areas concerned and together form healthy and durable economic communities.

Facilities

Then Interplan will name companies in other parts of the U.K., Continental Europe and North America willing to consider setting up facilities on prepared sites in one or more of the four areas.

BSC emphasised last night that the study would not anticipate or prejudice the review still being carried out by the Government into the future of the Shotton works in North Wales.

McKinsey has been commissioned to carry out an intensive study aimed at improving new job prospects in the Cambuslang and Motherwell area.

Once again, the ECSC is considering a request to contribute 50 per cent. of the cost of the project.

McKinsey's will maintain a close working liaison with Mr. Sandy Lawrie, the BSC's social and regional policy co-ordinator for Scotland.

Mr. Lawrie is also industrial liaison officer for the Cambuslang and Motherwell Promotional Team, set up to spearhead an energetic drive to attract job-intensive developments to prime industrial sites, based on surplus BSC land in these two areas.

Chris Baur, Scottish Correspondent, writes: The McKinsey study is a sequel to the Scottish Office's July announcement that it had given the go-ahead on the first 94-acre phase of a comprehensive redevelopment project at Cambuslang.

Eventually, the Cambuslang recovery project, located on some 500 acres of "surplus" land owned largely by the BSC, is expected to cost about £110m., and provide some 16,000 jobs.

The area will be developed over the next 10-15 years, the first phase coinciding with the closure of obsolete steel works, which it is estimated will cause the gross loss of over 5,600 job opportunities.

With the 3,500 new jobs the BSC itself expects to create in the next five years, predominantly at Ravenscraig Strip Mill, the net loss of steel jobs will be reduced to 2,100.

Sir William Gray, chairman-designate of the Scottish Development Agency, said the SDA would be "heavily involved" in the environmental-improvement and factory-building aspects of the project, once it was launched formally towards the end of this year.

Smith blames Vorster for failure of talks

BY OUR FOREIGN STAFF

MR. IAN SMITH, Rhodesian Prime Minister, in his most outspoken criticism to date, yesterday blamed Mr. John Vorster, the South African Prime Minister, for the failure of the latest round of constitutional talks in Rhodesia.

In a television interview broadcast in Britain, he admitted that relations between the two countries had become strained, and he did not hide his frustration at the outcome of Mr. Vorster's intervention in the Victoria Falls conference between the Rhodesian Government and the country's African National Congress.

The talks collapsed in August, despite the intervention of both Mr. Vorster and Dr. Kenneth Kaunda, Zambia's President.

In the interview on London Weekend television's Weekend World programme, Mr. Smith said: "I'd go as far as to say that I believe if this new initiative had not been taken by Mr. Vorster, . . . we would have had a settlement by now.

"I believe that the chances were high and that by now we would have had a settlement."

But Mr. Smith went on to admit that although the latest split within the ANC—with opposing factions led by Mr. Joshua Nkomo and Bishop Abel Muzorewa—had made the chances of settlement less good, they were never very bright before the split.

"The whole thing collapsed because of the sort of people we are dealing with," Mr. Smith said. "They can throw overboard to-morrow an agreement which they made with you yesterday."

Mr. Smith said he was prepared to negotiate with any leader elected by the ANC. Although he denied he had ever "got together with Mr. Nkomo and made an agreement with him," he said significantly: "He is a man who is prepared to make decisions."

● Mr. Vorster said in Pretoria that if Mr. Smith blamed him for the failure of talks with Black Nationalists, the many discussions they had on the matter were pointless.

THE LEX COLUMN

Convertible poser for Grand Met

Grand Metropolitan's £27m. rights issue has provoked far more of a debate than almost any of this year's other issues, and there have been strong recommendations for and against subscription. The argument is not so much about the specific terms, with a 13½p premium on Friday night, but about attitudes to the company itself, which have been soured by the 1973-74 share price performance. The key point is the level of the group's gearing, with £555m. of debt in August—up by £23m. on the September 1974 level—compared with shareholders' funds of around £140m. (before the issue), excluding goodwill of £295m.

The rights issue by itself will, of course, make little difference to this balance. But it will make a sizeable dent in bank overdrafts and 12-month borrowings of £142m., when combined with the impact of the £11m. proceeds of the sale of the Carlsberg interest, a few million pounds from other disposals, and an estimated £10m. to £15m. in 1975-76 from the surplus of cash flow over fixed and working capital needs. This will leave a hard-core bank overdraft — effectively permanent — as well as some foreign currency debt which is being extended over a longer term. Of the £83m. borrowings due between one and five years, the group reckons that, even at worst, projected cash flow should cover the repayments up to 1980.

Dilution

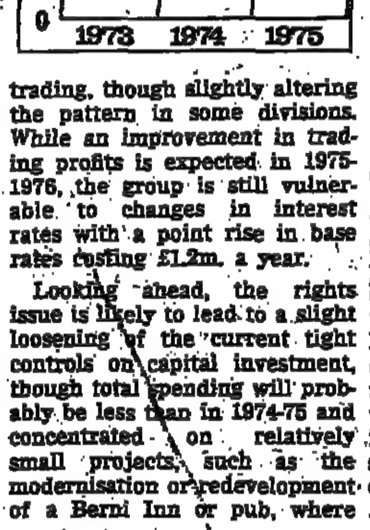
The crucial issue, however, is the £124m. convertible. This is exercisable up to March 1978; it is clearly in the group's interest for this to happen as soon as possible, though a conversion price of 83.2p compares with a current share price of 63p. There must be an obvious temptation for Grand Met to consider an equity offer to convertible holders now along the lines of Guinness Peat's similar move.

But this does not seem practicable at current share prices since the Grand Met convertible is at a much larger discount to par than the GP one, and the 3.8 point gap between the Ordinary and the convertible yield is also much larger. So an offer attractive enough to secure conversion would also involve a heavy dilution of the existing equity—possibly of the order of a sixth. Maybe the Treasury could be persuaded that there are other ways of broadening a company's equity base apart from rights issues.

Conversion would transform the group's debt structure, while on the asset side, a revaluation would probably throw up a useful surplus over the £591m. book worth of fixed assets in September, 1974. This figure has been boosted by capital spending of about £200m. over the past three years—a sizeable part of which, notably the distilleries and cheese processing plants, has yet to make a significant contribution.

Reorganisation

This investment and the reorganisation of the brewing side are expected to make their impact on profits from now onwards, while the squeeze on disposable incomes has had only a limited effect so far on overall trading, though slightly altering the pattern in some divisions. While an improvement in trading profits is expected in 1975-1976, the group is still vulnerable to changes in interest rates with a point rise in base rates costing £1.2m. a year.



Looking ahead, the rights issue is likely to lead to a slight loosening of the current tight controls on capital investment, though total spending will probably be less than in 1974-75 and concentrated on relatively small projects, such as the modernisation or redevelopment of a Berni Inn or pub, where returns can be 30 per c[...] more. But larger items, s[...] a hotel acquisition at [...] "bargain" prices, have [...] been turned down. There [...] be no borrowing pressu[...] this score, and the main [...] ment for subscribing [...] issue is that Grand Met [...] last visibly be seen to [...] ducing its debt mountain.

Marks & Spencer

Marks and Spencer's pension plans were de[...] —but not costed — in t[...] set of accounts. The [...] is non-contributory, an[...] been extended for th[...] time to most of the 23,0[...] timers within a total of [...] employees: it is m[...] dynamised, and the s[...] benefits has been im[...] Allowing for wage i[...] that could add up to a [...] the group's annual contr[...] to the scheme from a [...] under £2m. in 1974-75 t[...] thing like £10m. before t[...] perspective, operating [...] this year ought to be u[...] of £90m. before pensio[...]

The payment include[...] small back service elem[...] the part-time employees, [...] nothing like the scale [...] once-for-all payments m[...] groups like Allied Br[...] over the past year. No[...] a case of having to fun[...] ing liabilities—althoug[...] equity market's perf[...] this year will not by its[...] been enough to bale o[...] sion funds generally. D[...] levels in real terms are [...] the levels of 20 years a[...] as some fund manage[...] obliged to point out la[...] income flows matter mo[...] capital values at any pa[...] date.

Marks publishes mon[...] its pension scheme th[...] companies—including t[...] of its annual contributi[...] the general level of di[...] in this area is still v[...] inadequate. Oddly enou[...] pace is currently bei[...] by a smaller compan[...] month's accounts from [...] Photographic detailed, [...] other things, the fundi[...] the prospective liabilit[...] value of the fund, an[...] it was invested. By [...] standards, a number o[...] companies are still in [...] Age.

EEC in new bid to resolve row over wine imports

BY ROBIN REEVES

BRUSSELS, Oct. 12.

A BUSY WEEK for Europe begins to-morrow with an attempt by the Brussels Commission to resolve the simmering row over France's illegal imposition of a 12 per cent. tariff on cheap Italian wine imports.

In the Agricultural Council, Mr. Fred Peart, U.K. Minister of Agriculture, is confidently expected to plead for a further devaluation of the "green pound" to boost British dairy producers' returns.

As a result milk is likely to go up in price by between 1p and 2p a pint. It remains to be seen if he will press for the impact of the devaluation to be delayed on other commodities.

The "green pound" is the exchange rate between sterling and the Unit of Account—the EEC's notional currency for agricultural purposes. Devaluation has the effect of raising official agricultural prices to British farmers and cutting back EEC subsidies on many food imports into the U.K.

The Brussels Commission is due to meet to-morrow morning to draw up a new compromise plan for improving the basic wine market organisation, acceptable to both the wine producing interests of France and Italy and—from the costs point of view—to West Germany and the U.K.

Given agreement on this, France has made it clear she will drop her illegal 12 per cent. tariff on cheap Italian wine imports. But the Commission must still decide whether to press its case in the European Court against the French Government for this breach of EEC rules should the Council fail to reach agreement.

Farm Ministers are also due to have a first discussion on Britain's arrangements for the continued import of New Zealand butter after 1977.

In the Council of Development Ministers, the main item on the agenda is the introduction of an aid programme for developing countries not associated with the EEC through the Lomé Convention. The principle of giving EEC aid to non-associates was fought for and won by Mrs. Judith Hart, the former Overseas Development Minister, during "renegotiations."

Her successor, Mr. Reg Prentice, is now expected to lead a fight to persuade his ministerial colleagues to accept the Commission's proposal for giving 100m. Units of Account (some £42m.) next year rising to 200m. Units of Account (£84m.) by 1980.

In the Environment Council, the Government will be putting Mr. Denis Howell, the Minister of Sport, into the scrum against some heavy pressure from other EEC members on the question of pollution control.

This is because of Britain's threat to veto the Commission's plans for Community-wide limits on the quantity of dangerous metals and chemicals which may be released into fresh and sea water by industrial plants.

The European Parliament's debate on the Community Budget promises to be lively too. It will be surprising if the Parliament does not use its limited budgetary powers to reinstate some of the cuts made by the Council of Ministers' particularly in the social field where it will wish the Community to do more to alleviate economic distress.

BMA urges NHS inquiry

BY LORELIES OLSLAGER, LABOUR STAFF

LEADERS of the British Medical Association yesterday called for an overall inquiry into the National Health Service as some junior doctors were preparing for industrial action to-day to protest against the new contract offered to them by the Government.

Junior doctors at Plymouth, who had threatened the most extreme action by calling for a strike to-day, have decided to wait until they have had a further meeting this morning to discuss the Government's statement that negotiations on the controversial contract could continue.

The Government's decision to hold further talks on the contract caused doctors in several other towns to put off action such as working to rule or treating emergency cases only. But dissatisfaction is still running high and some junior doctors seem determined to go ahead with their protests irrespective of the Government's conciliatory gesture.

The Department of Health and Social Security said last night that introduction of the new contract had only been deferred, and that the proposal had by no means been scrapped.

The protest movement is at the moment largely restricted to the 6,000 or so junior doctors who stand to lose pay under the new contract. The Government's decision to hold further talks, however, could now lead to a "counter protest" by the nearly 10,000 doctors who were expecting an increase in earnings.

Plea for more time for foreign doctors, Page 5

Weather

U.K. TO-DAY

MOST DISTRICTS will be dry with bright or sunny intervals, but there may be rain at times in parts of Eastern and Southern England. Rather cold in Eastern and Southern England.

London, S.E. England, E. Anglia, Southern England, E. Midlands, Channel Isles

Rather cloudy with sunny intervals and occasional rain. Wind easterly, fresh or strong. Max. 13C (55F).

S.W. England, Wales

Bright or sunny spells, mainly dry. Wind East or S.E., light to moderate. Max. 14C (57F).

E. England, W. Midlands, N.W. England, Lakes, Northern England, N.E. England, Borders,

Variable cloud. Bright or sunny intervals and dry. Wind E. or S.E., light or moderate. Max. 13C (55F).

Edinburgh, Dundee, Aberdeen, Highlands

Fog patches soon clearing. Dry with bright or sunny spells. Wind S.W., light. Max. 12C (54F).

Isle of Man, S.W. Scotland, N. Ireland

Cloudy but mainly dry. Wind southerly, light or moderate. Max. 13C (55F).

Orkney, Shetland

Rather cloudy, drizzle at times. Max. 12C (54F).

Outlook: Changeable with rain at times but mostly dry over East Britain.

Lighting-up: London 18.44, Manchester 18.50, Glasgow 18.54, Belfast 19.03.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	9	48	Madrid	S	11	52
Athens	S	27	81	Manchstr.	F	10	50
Bahrain	S	31	88	Melbourne	R	11	52
Barcelona	Th	13	55	Mexico C.	S	19	67
Beirut	S	25	77	Milan	R	8	46
Belfast	C	10	50	Montreal	R	10	50
Belgrade	R	6	43	Moscow	C	5	41
Berlin	S	8	46	Munich	C	8	46
Birmghm.	C	9	48	Newcastle	C	9	48
Bristol	F	9	48	New York	C	10	50
Brussels	S	8	43	Oslo	S	8	46
Budapest	F	12	54	Paris	C	7	45
B. Aires	C	20	68	Perth	F	19	66
Cairo	S	30	86	Prague	S	7	45
Cardiff	S	10	50	Reykjavik	C	8	46
Cologne	F	10	50	Rio de J'o	R	25	75
Copnhagn.	S	10	50	Rome	C	23	73
Dublin	C	9	48	Singapore	C	26	79
Edinb'gh	C	9	48	Stockholm	C	11	52
Frankfurt	S	10	50	Strasb'rg	C	7	45
Geneva	C	7	45	Sydney	F	20	68
Glasgow	C	9	48	Tehran	S	26	79
Helsinki	C	10	50	Tel Aviv	S	26	79
H. Kong	S	29	84	Tokyo	R	18	64
Jo'burg	S	27	81	Toronto	C	12	54
Lisbon	S	17	63	Vienna	S	10	50
London	C	11	52	Warsaw	S	7	45
Luxembg.	S	7	45	Zurich	C	4	39

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	19	66	Istanbul	F	22	72
Algiers	C	20	68	Jersey	C	11	52
Biarritz	C	7	45	Las Plms.	C	21	70
Blackpool	F	10	50	Locarno	R	6	43
Bordeaux	C	7	45	Majorca	F	14	57
Boulogne	S	9	48	Malaga	S	22	72
Casablnca.	S	22	72	Malta	S	27	81
Cape Town	C	21	70	Nairobi	S	21	70
Corfu	C	24	75	Naples	C	24	75
Dubrovnik	C	20	68	Nice	R	14	57
Faro	S	22	72	Nicosia	S	26	79
Florence	R	13	55	Oporto	S	15	59
Funchal	C	20	68	Salzburg	C	10	50
Gibraltar	S	23	73	Tangier	S	21	70
Guernsey	C	12	54	Tenerife	C	17	63
Innsbruck	C	8	46	Tunis	F	28	82
Inverness	C	9	48	Valencia	F	17	63
I. of Man	C	10	50	Venice	R	10	50

F—Fair. S—Sunny. C—Cloudy. R—Rain. Th—Thunder.

Continued from Page 1

Ministers prepare for battle

night before the legislation comes up for its third reading to-morrow.

Some senior Tories believe a series of Government amendments to the Bill tabled last week will make it less unacceptable to their party.

But last night, Mr. Hugh Rossi, the junior Opposition spokesman in charge of the Conservatives during the committee stage of the Bill last summer, took a tougher line.

"The amendments tabled by Mr. John Silkin, the Minister for Planning, are peripherally helpful, but the heart of the legislation is still completely objectionable to us," he said.

"For one thing, his concessions, which include exemption of small pockets of development land from takeovers by the local community, would be made by regulations, which could easily be changed later.

"The Conservatives are therefore asking for a series of categories of development land to be permanently exempted."

For the Government, there are also problems to be faced on the economic-political front.

Some Left-wing senior Ministers believe that the pressure in the Labour Party for reflation and also for selective import controls will grow rapidly if unemployment tops the 1.5m. mark this winter.

John Elliott, Labour Editor, writes: There is unlikely to be any change in the law on picketing in industrial disputes before the next General Election.

This follows a final Government decision not to try to deal with the matter in the Employment Protection Bill and means that the TUC has failed in its campaign to give pickets a legal right to stop vehicles on the public highway.

It has been clear since early this year, when the Employment Bill was published, that the TUC would not fully gain this new right.

But, after a Parliamentary battle over the Bill, a clause intended to clarify the existing law has also disappeared.

Ministers have now decided that, with all their other problems over the Bill, they should not try to write anything new into the legislation.

With the large legislative programme now facing the Government during the next year or so, it seems almost certain there will be no further move apart from a study of conspiracy laws—which lie at the centre of the row over the jailed Shrewsbury building pickets—being carried out by the Home Office.

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V G H

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